

IDEA's Excess Cost Calculation

Supplement not Supplant and the Individuals with Disabilities Education Act

Many federal education programs are built on the premise that an LEA (local education agency) has in place a solid core educational program for all students. This core education program is to be funded with local and state monies. In general, the term “supplement not supplant” refers to a federal program’s requirement that federal funds are never used to pay for costs that are considered the LEA’s core educational program. The federal funds under these programs are earmarked to provide ‘above and beyond’ services usually targeted towards specific student needs.

Federal education programs implement the supplement not supplant provision in different ways. As an example, the supplement not supplant provision for a targeted assistance school in a Title I-A program under the Elementary and Secondary Education Act (ESEA) has a strict “particular cost” test in which a cost previously funded with local dollars may not be funded at a future time with Title I monies. In this way, the program is ensuring that Title I funds are not used for anything that may be part of the LEA’s core educational program.

Supplement not supplant under IDEA is very different from “particular cost” testing. The law takes a step back and looks at an LEA’s program broadly rather than at individual costs. The supplement not supplant provision under IDEA is tested three different ways: Excess Cost, Maintenance of Effort (MOE), and the Excess Cost Calculation.

Definitions of Excess Cost, Maintenance of Effort (MOE) and the Excess Cost Calculation

Under IDEA, excess cost (§300.202(a)(2)) refers to the expenditures generated by providing special education instruction and related services to students with disabilities attending the LEA. In addition to receiving the core educational program for all students, a student with a disability under IDEA has an Individualized Education Plan (IEP). This document contains services that the student must receive in addition to the core educational program. In addition to student-specific costs, there is a network of special education supports, such as those provided by a Special Education Director.

Expenditures that meet the definition of excess cost are eligible for federal funding under IDEA as well as Wisconsin special education categorical aid reimbursement. For accounting purposes, excess cost expenditures are separated out from general education and coded to fund 27. This is the simplest way to define an excess cost of special education: If the LEA did not have any students with disabilities, the cost would not exist. Additional information on this topic can be viewed at: <http://sped.dpi.wi.gov/sites/default/files/imce/sped/pdf/idea-allowables.pdf>. Separating the expenditures between general and special education ensures federal funds are not used for costs that may be part of the LEA’s core educational program.

Maintenance of Effort (§300.203) is the expectation that LEAs expend at least the same amount of local and state funding for special education and related services as it expended in a prior fiscal year. This takes

the supplement not supplant provision one step further – in addition to a core education program for all students, there is an expectation that the LEA has a core special education program established for students with disabilities funded with local and state monies. Federal funds are to be used in addition to the local and state funds spent by the LEA. Each year the LEA maintains state and local costs for the provision of special education, the supplement not supplant provision has been met. There is never any issue with moving excess cost expenditures from local to federal funds and back again. This is because the LEA has already demonstrated, through maintaining the same level of local and state funded expenditures, that federal funds are not being used to lower the LEA’s established obligation towards the special education program. For additional information on MOE, see http://sped.dpi.wi.gov/sped_grt-moe

The excess cost calculation is the third way IDEA establishes that an LEA is meeting the supplement not supplant provision. It is defined in §300.16 as costs that are in excess of the average annual per student expenditure level for an elementary school or secondary school student. This demonstrates that the LEA is not using federal funds in place of local and state funds for the core educational program in regard to students with disabilities.

Excess Cost Calculation Compliance Monitoring

As with allowable costs and MOE compliance, the SEA is required to ensure that LEAs are completing the excess cost calculation annually to determine the supplement not supplant provision is being met. The federal single audit also requires independent auditors to test the LEA’s compliance with the excess cost calculation as part of the special education cluster review.

To assist LEAs in compiling the calculation, DPI has created an Excel workbook which instructs the LEA on which financial and student count data must be used. The workbook then performs the correct calculations. This Excel workbook can be downloaded at: http://sped.dpi.wi.gov/sped_excess-cost-calculation

This workbook must be completed annually and maintained as a grant record by the LEA. In addition to being part of the single audit review, DPI will also select LEAs to submit the completed workbook with supporting documentation to ensure LEA compliance.

Excess Cost Calculation Excel Workbook

The basis of the excess cost calculation is to establish an average annual per student cost and multiplying that amount by the number of students with disabilities for which the LEA has financial responsibility to establish a minimum amount the LEA must spend on the education of a student with a disability. The term “education” in this part includes both general and special education.

The regulations instruct how the average annual per student cost is determined. A key point is that this “per student cost” must be calculated for an elementary student and then separately for a secondary student. Wisconsin statute (§115.01(2)) defines “elementary” as grades 4K-8 and “secondary” as grades 9-12. Because it is defined in state statute, an LEA must use these grade spans for the calculations, even if the LEA has schools that combine grades defined as elementary and secondary (i.e. a K-12 school or a 7-8-9 junior high school). Costs that cannot be attributed directly to a school level, such as general

operations or district-level director positions, are to be pro-rated based on the elementary and secondary school-level expenditures.

The following pages will walk the LEA through the calculation as presented in the Excess Cost Calculation workbook.

Tab: Base Calculation

This tab contains a mix of numbers that will either be hand-entered by the user or pulled from other sheets within the workbook. It contains four sections:

- Part A - Total Federal, State and Local Expenditures
- Part B - Federal and State Revenue Received
- Part C - Average Annual Per Student Expenditure
- Part D - State and Local Minimum Required for Students with Disabilities

Section: Part A - Total Federal, State and Local Expenditures
Tab: School Level Expenditures
Tab: District Wide Expenditures
Tab: Food Service Expenditures
Tab: Payments for Services

The following graphic is the first half of Part A (the elementary side) on the Base Calculation Tab:

PART A - Total Federal, State, and Local Expenditures		
ELEMENTARY		
FY 2013-14 Elementary Level Expenditures:	\$63,155,727.47	← Pulled in from 'School Level Expenditure's' tab
FY 2013-14 District Level Total Expenditures Pro-Rated:	\$13,772,948.23	← Auto Calculated
FY 2013-14 Total Elementary Expenditures:	\$76,928,675.70	← Auto Calculated
FY 2013-14 Total Elementary Payments (Deducted) Pro-Rated:	\$1,886,093.31	← Pulled in from "Payments for Services" tab
FY 2013-14 Total Elementary Federal, State and Local Expenditures:	\$75,042,582.39	← Auto Calculated

The following graphic is the other half of Part A (the secondary side) on the Base Calculation Tab:

SECONDARY		
FY 2013-14 Secondary Level Expenditures:	\$26,295,712.72	← Pulled in from "School Level Expenditure's" tab
FY 2013-14 District Level Total Expenditures Pro-Rated:	\$5,734,547.04	← Auto Calculated
FY 2013-14 Total Secondary Expenditures:	\$32,030,259.76	← Auto Calculated
FY 2013-14 Total Secondary Payments (Deducted) Pro-Rated:	\$785,299.61	← Pulled in from "Payments for Services" tab
FY 2013-14 Total Secondary Federal, State and Local Expenditures:	\$31,244,960.15	← Auto Calculated

The elementary and secondary level expenditure data for funds 10, 21, 23, 27 and 29 is entered on the “School Level Expenditures” tab. For a closed fiscal year, enter the totals for the following functions split out appropriately between grades 4K-8 and 9-12. These functions include:

<i>Fund 10 – General Fund</i>	
10E 100000	Instruction – All functions in the series, all objects
10E 210000	Pupil Services
	Exclude 211 100 Direction of Pupil Services 212 100 Direction of Social Work 213 100 Direction of Guidance 214 100 Direction of Health 215 100 Direction of Psychological Services 217 000 Attendance (all)
10E 220000	Instructional Staff Services
	Exclude 221 100 Direction of Improvement of Instruction 222 100 Direction of Library Media 223 100 Athletics 223 700 Voc Ed Supervision & Coordination 223 900 Other Instr. Staff Supervision & Coordination
10E 240000	School Building Administration
10E 431000	General Tuition - Non Open Enrollment
10E 433000	Co-Curricular Cooperative Program Charges
10E 435000	General Tuition - Open Enrollment

<i>Fund 20 – Special Projects Fund</i>	
20E 100000	Instruction – All functions in the series, all objects
20E 210000	Pupil Services
	Exclude 212 100 Direction of Social Work 213 100 Direction of Guidance 214 100 Direction of Health 215 100 Direction of Psychological Services 217 000 Attendance (all)
20E 220000	Instructional Staff Services
	Exclude 221 100 Direction of Improvement of Instruction 223 300 Special Ed Supervision & Coordination 223 700 Voc Ed Supervision & Coordination 223 900 Other Instr. Staff Supervision & Coordination
20E 436000	Special Education Tuition - Non-Open Enrollment
20E 437000	Special Education Tuition - Open Enrollment

The amounts entered into the School Level Expenditure's page are then reflected in the appropriate fields on the Base Calculation page. The next step is entering "District-wide Expenditures." District-wide expenditures are those that are incurred for a common purpose and not readily assignable to the elementary or secondary levels. To deal with costs that are truly district-wide and not school specific (such as superintendent expenditures), the LEA will determine a total amount and the workbook will distribute the district-wide costs to the elementary and secondary levels based on a percentage of cost.

As an example, the LEA reports that elementary level expenditures equal \$150,000 and secondary level expenditures equal \$125,000 for a total of \$275,000. The LEA then reports that district-wide expenditures equal \$50,000. Of the district-wide expenditures, \$27,000 will be added to the elementary level (54%) and \$23,000 will be added to the secondary level (46%) total expenditures.

District-wide functions for funds 10, 21, 23, 27 and 29 include:

<i>Fund 10 – General Fund</i>	
10E 211100	Direction of Pupil Services
10E 212100	Direction of Social Work
10E 213100	Direction of Guidance
10E 214100	Direction of Health
10E 215100	Direction of Psychological Services
10E 217000	Attendance - All functions in the series, all objects
10E 221100	Direction of Improvement of Instruction
10E 222100	Direction of Library Media
10E 223000	Supervision & Coordination - All functions in the series, all objects
10E 230000	General Administration - All functions in the series, all objects
10E 250000	Business Administration - All functions in the series, all objects
10E 260000	Central Services - All functions in the series, all objects
10E 270000	Insurances and Judgments - All functions in the series, all objects
10E 290000	Other Support Services - All functions in the series, all objects
10E 492000	Adjustments and Refunds
10E XXXXXX 500	Capital Outlay (which is then deducted from the total)

<i>Fund 20 – Special Projects Fund</i>	
20E 212100	Direction of Social Work
20E 213100	Direction of Guidance
20E 214100	Direction of Health
20E 215100	Direction of Psychological Services
20E 221100	Direction of Improvement of Instruction
20E 223000	Special Ed Supervision & Coordination
20E 250000	Business Administration - All functions in the series, all objects
20E 260000	Central Services - All functions in the series, all objects

Fund 20 – Special Projects Fund (continued)

20E 270000	Insurances and Judgments - All functions in the series, all objects
20E 290000	Other Support Services - All functions in the series, all objects
20E 492000	Adjustments and Refunds
20E XXXXXX 500	Capital Outlay (which is then deducted from the total)

Fund 50, which includes food service, is on a separate tab because LEAs will need to determine whether costs can be allocated at the school level or distributed district-wide. District-wide functions include:

Fund 50 – Food Service Fund

50E 250000	Business Administration - All functions in the series, except 257 000 Food Service
50E 257000	Food Service
50E 290000	Other Support Services - All functions in the series, all objects
50E 492000	Adjustments and Refunds
50E XXXXXX 500	Capital Outlay (which is then deducted from the total)

On the same page, the LEA has the option of allocating function 257000 between the elementary and secondary levels rather than reporting the total at the district-level.

The final step for Part A is entering “Payments for Services.” These revenues are distributed using the same percentages applied to the district-wide costs and then deducted from the LEA’s expenditures to determine final amounts. The sources to be reported for funds 10, 21, 23, 27, 29 and 50 are:

Fund 10 – General Fund

10R 240 Series	Payments for Services
10R 340 Series	Interdistrict Payments for Services
10R 390	Other Payments from Wisconsin Districts
10R 400 Series	Interdistrict Payments Outside Wisconsin
10R 530	Payments for Services from CCDEBs
10R 540	Payments for Services from CESAs
10R 590	Other Payments from CESAs

Fund 20 – Special Projects Fund

20R 240 Series	Payments for Services
20R 340 Series	Interdistrict Payments for Services
20R 390	Other Payments from Wisconsin Districts
20R 400 Series	Interdistrict Payments Outside Wisconsin
20R 530	Payments for Services from CCDEBs
20R 540	Payments for Services from CESAs
20R 590	Other Payments from CESAs

Fund 50 – Food Service Fund

50R 390	Other Payments from Wisconsin Districts
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Once the amounts have been entered into each tab, the Base Calculation tab will look like this:

**FY 2013-14 Excess Cost Base Calculation
(to determine required FY 2014-2015 expenditure level)**

District Name and LEA Code: The Greatest District Ever

Name of Person Completing Form: Rachel Zellmer

Total District Level Costs: \$19,507,495.27
Percent Elementary: 71%
Percent Secondary: 29%

PART A - Total Federal, State, and Local Expenditures			
ELEMENTARY		SECONDARY	
FY 2013-14 Elementary Level Expenditures:	\$63,155,727.47	FY 2013-14 Secondary Level Expenditures:	\$26,295,712.72
FY 2013-14 District Level Total Expenditures Pro-Rated:	\$13,772,948.23	FY 2013-14 District Level Total Expenditures Pro-Rated:	\$5,734,547.04
FY 2013-14 Total Elementary Expenditures:	\$76,928,675.70	FY 2013-14 Total Secondary Expenditures:	\$32,030,259.76
FY 2013-14 Total Elementary Payments (Deducted) Pro-Rated:	\$1,886,093.31	FY 2013-14 Total Secondary Payments (Deducted) Pro-Rated:	\$785,299.61
FY 2013-14 Total Elementary Federal, State and Local Expenditures:	\$75,042,582.39	FY 2013-14 Total Secondary Federal, State and Local Expenditures:	\$31,244,960.15

Section: Part B - Total Federal and State Revenue Received

The next section is completed solely on the Base Calculation tab. The LEA must enter the total federal and state revenue received for the fiscal year per §300.16(a) and (b). The revenue must be allocated at the elementary and secondary levels, but the totals reported should match the amounts reported in the LEA's PI 1505 Annual Report. These include:

PART B - Federal and State Revenue Received

- FY 2013-14 IDEA Part B - Fund 27, Source 730 (Projects 341, 342, 347, 348)
- FY 2013-14 Title I-A - Fund 10, Source 751 (Projects 141, 145, 153, 154)
- FY 2013-14 Title III-A - Fund 10, Source 730 (Projects 371, 391)
- FY 2013-14 Special Education State Aid - Fund 27, Sources 611, 626, 642
- FY 2013-14 Special Education High Cost Aid - Fund 27, Sources 625, 711
- FY 2013-14 Bilingual / Bicultural Aid - Fund 10, Source 618 (Project 322)
- FY 2013-14 SAGE - Fund 10, Source 650 (Project 332)

Once the amounts have been entered, this section on the Base Calculation tab will look like this:

PART B - Federal and State Revenue Received			
ELEMENTARY		SECONDARY	
FY 2013-14 IDEA Part B - Fund 27, Source 730 (Projects 341, 342, 347, 348)	\$3,025,780.02	FY 2013-14 IDEA Part B - Fund 27, Source 730 (Projects 341, 342, 347, 348)	\$1,235,881.98
FY 2013-14 Title I-A - Fund 10, Source 751 (Projects 141, 145, 153, 154)	\$38,190.23	FY 2013-14 Title I-A - Fund 10, Source 751 (Projects 141, 145, 153, 154)	\$15,598.83
FY 2013-14 Title III-A - Fund 10, Source 730 (Projects 371, 391)	\$15,269.00	FY 2013-14 Title III-A - Fund 10, Source 730 (Projects 371, 391)	\$0.00
FY 2013-14 Special Education State Aid - Fund 27, Sources 611, 626, 642	\$3,061,158.02	FY 2013-14 Special Education State Aid - Fund 27, Sources 611, 626, 642	\$1,235,881.98
FY 2013-14 Special Education High Cost Aid - Fund 27, Sources 625, 711	\$36,116.00	FY 2013-14 Special Education High Cost Aid - Fund 27, Sources 625, 711	\$0.00
FY 2013-14 Bilingual / Bicultural Aid - Fund 10, Source 618 (Project 322)	\$38,190.23	FY 2013-14 Bilingual / Bicultural Aid - Fund 10, Source 618 (Project 322)	\$15,598.83
FY 2013-14 SAGE - Fund 10, Source 650 (Project 332)	\$703,457.18	FY 2013-14 SAGE - Fund 10, Source 650 (Project 332)	\$0.00
FY 2013-14 Total Federal and State Revenue Received	\$6,918,160.68	FY 2013-14 Total Federal and State Revenue Received	\$2,502,961.62

Section: Part C - Average Annual Per Student Expenditure

The next section determines the average annual per student expenditure level. To complete this calculation, the LEA must enter the total number of resident students enrolled the same year as the expenditures being reported. LEAs should use the student numbers reported through the **PI-1563, Pupil Count Reporting**, broken out by grades 4K-8 and grades 9-12. The Excess Cost Calculation workbook will always provide the LEA with the correct total student enrollment year to use.

Once the numbers have been entered, this section on the Base Calculation tab will look like this:

Part C - Average Annual Per Student Expenditure			
ELEMENTARY		SECONDARY	
FY 2013-14 Total Elementary Expenditures	\$68,124,421.71	FY 2013-14 Total Secondary Expenditures	\$28,741,998.53
FY 2013-14 Total Elementary Resident Student Enrollment (4K - 8)	7,051	FY 2013-14 Total Secondary Resident Student Enrollment (9 - 12)	3,276
FY 2013-14 Average Annual Per Student Expenditure, Elementary Level:	\$9,661.67	FY 2013-14 Average Annual Per Student Expenditure, Secondary Level:	\$8,773.50

This amount is auto-filled based on the LEA's total federal, state and local expenditures less federal and state revenue received.

Section: Part D - State and Local Minimum Required for Students with Disabilities

The final section determines the minimum amount the LEA must spend on the education of students with disabilities (both general and special education) in the current fiscal year to demonstrate the LEA is supplementing its local costs with IDEA funds and not supplanting them (§300.202(b)(2)(i)).

The Average Annual per Student Expenditure is pulled from Part C. To complete this calculation, the LEA must enter the number of students with disabilities for which the LEA is financially responsible in the year the minimum amount is being set. Total 4K-12 student with disability enrollment counts can be accessed through the LEA's web-based IDEA MOE report. The LEA will need to determine which of those students are enrolled in grades 4K-8 versus grades 9-12.

Child Count Break Down ✕

Resident District = Submitting District:	1,364
<i>Plus Reason Out of District Students:</i>	
Other Resident (RES):	0
Other Submitting (SUBM):	0
Chapter 220 (C220):	0
Tuition Waiver (WAIV):	0
Residential Care Center (RCC):	0
Base Total for Both Counts:	1,364
 Add Students Open Enrolled Into District:	 27
October 1 Child Count Total:	1,391
 Add Students Open Enrolled Out of District:	 33
Maintenance of Effort Child Count Total:	1,397

← This information is accessed through the MOE report by clicking on the hyperlinked MOE Child Count numbers

Use this number as it represents the students for which the district is financially responsible rather than the students in which the district has FAPE responsibilities

Once the numbers have been entered, this section on the Base Calculation tab will look like this:

Part D - State and Local Minimum Required for Students with Disabilities			
ELEMENTARY		SECONDARY	
Average Annual Per Student Expenditure, Elementary Level:	\$9,661.67	Average Annual Per Student Expenditure, Secondary Level:	\$8,773.50
FY 2014-15 IDEA MOE Students with Disabilities Count (Grades 4K - 8)	949	FY 2014-15 IDEA MOE Students with Disabilities Count (Grades 9 - 12)	448
FY 2014-15 State and Local Minimum Elementary Amount Required:	\$9,168,923.02	FY 2014-15 State and Local Minimum Secondary Amount Required:	\$3,930,529.71

↑ ↑
 These are the minimum amounts the LEA must spend at each level to demonstrate compliance with the supplement not supplant provision.

Determining Compliance

To determine if the LEA is in compliance with the supplement not supplant provision under excess cost, the LEA must complete the final tab of the spreadsheet “Calculation Results” after the close of the current fiscal year. Most of the information for this tab can be taken from the Excess Cost Calculation workbook developed for the next fiscal year. The differences will be in the Part B section, revenues received, and the student count years in Part C and D.

All LEAs receiving Part B IDEA Entitlement funds must maintain this workbook every year. Per grant record requirements, the completed document must be kept by the subrecipient for a minimum of four years after the end of the grant’s fiscal year.

The following pages contain questions that have been received by the field and answered by DPI, by topic area. Some questions that have been received led to changes in the Excess Calculation Workbook. Any changes made to the workbook will be identified on the “Instructions & Updates” tab within the spreadsheet.

Last Updated: March 19, 2015

Document Location: http://sped.dpi.wi.gov/sped_excess-cost-calculation

Questions and Answers

Some questions that have been received led to changes in the Excess Calculation Workbook. Any changes made to the workbook will be identified on the “Instructions & Updates” tab within the spreadsheet.

A. Accounting Questions

- A.1 On the School Level Expenditures tab, the function series “10E 240 000 – School Building Administration” has a notation that K-12 schools should not enter an amount. Wouldn’t this be where we would account for building principals? Or, if we are a K-12 school, do we not report any amount in this function?

This was an error in the spreadsheet. When originally designed, we thought that a K-12 school would not have the ability to separate out this function between elementary and secondary. However, in the end, we thought it would be more confusing to have some LEAs report this function at the school level and only a handful of LEAs report this information at the district level. We removed the function from the district-wide expenditures tab (which had the label ‘K-12 schools only’) but missed deleting the statement from the school level expenditures tab. The spreadsheet has been updated so that this wording has now been removed.

- A.2 During the presentation, was a statement made that Title funded costs in Fund 10 are not factored into the School Level expenditures?

Title I funded costs are factored in. In fact, all expenditures in the listed funds with the requested functions are included regardless of object or project code. The clarification was made during the presentation because most people are familiar with the idea of maintenance of effort, in which federally funded costs are excluded. In the excess cost calculation, all expenditures, regardless of funding source, are reported.

- A.3 In the fund 20 expenditures, do we include IDEA flow-through and preschool funded costs?

Yes. Include all costs within a function or function series under a fund, regardless of project number.

- A.4 Our district has staff expenditures accounted for in Fund 21, but there is no area on the Excess Cost workbook to report the donation revenue. Is this correct?

Yes. Fund 21 can contain operating expenditures. Under the excess cost calculation regulations, all expenditures must be included so the calculation does not back out any Fund 21 revenue. The calculation requires that only regulation-identified federal and state revenue be deducted. The workbook does collect and deduct open and non-open enrollment payments received because the LEA is not financially responsible for the students who are generating this revenue.

- A.5 On the district wide tab it asks for capital outlays, is this for all of Fund 10 and 20 functions or just the functions listed on that tab?

List the total 500 object amount in those funds regardless of the functions requested.

- A.6 How are we to allocate Federal and State Revenue received? The district receives over three million in equalization aid, how do I allocate this between elementary and secondary?

Only report the revenue sources requested by the Excess Cost Calculation workbook. Equalization aid is not revenue deducted from expenditures.

B. Compliance Requirement

- B.1 Does every district have to do this calculation?

Yes. IDEA law requires all sub-recipients of Part B entitlement funds complete the excess cost calculation annually.

- B.2 Does the Excess Cost Calculation workbook get submitted to DPI?

No, not unless it is requested as part of DPI's monitoring of the excess cost calculation. The workbook must be completed annually and maintained as a grant record by the LEA.

- B.3 Will auditors want to see the supporting documentation for the amounts identified in the workbook?

Yes. There is a possibility that the auditor will ask for the supporting documentation to verify the completeness of the Excess Cost Calculation workbook. In addition, if the LEA is asked to submit the Excess Cost Calculation workbook to DPI as part of the excess cost calculation monitoring process, supporting documentation will be required.

- B.4 What is the purpose of this calculation when we already do a Maintenance of Effort calculation? It seems like the same thing except for the per pupil cost.

The major difference between the excess cost calculation and the maintenance of effort tests is the excess cost calculation takes into account both general and special education for a student with a disability. The maintenance of effort test examines only special education expenditures made by the LEA.

C. Timeline

- C.1 For which fiscal year do we begin using DPI's excess cost calculation workbook?

The workbook has been created to establish the minimum amount an LEA must spend on the education of students with disabilities for fiscal year 2014-15. The workbook guides the user in regard to which fiscal year of expenditures must be collected, and which year of student counts (which varies depending on the section). To establish the minimum amount for fiscal year 2014-15, the LEA would use expenditures from fiscal year 2013-14.

C.2 Do we have to go back and complete the workbook for 2014-15 using 2013-14 data, or will it be required first using 2014-15 data?

DPI is requesting that LEAs use the Excess Cost Calculation workbook to set the minimum amount to spend for FY 2014-15 (the calculation for this year’s amount uses FY 2013-14 expenditure data). Using the Excess Cost Calculation workbook will assist DPI in ensuring that LEAs are complying with the Excess Cost Calculation requirement under IDEA.

C.3 Near the end of the Excess Cost Calculation webinar, DPI indicated that we should be working on this project after the year has closed. There is a difference between having the books closed at the district level and then closed after the school district audit has been performed. In our district, June 30th is the end of the fiscal year, but it takes well into the middle of July before the books are “closed” and ready for the auditor. The auditor comes the last week in July. When the auditor finishes his work, the books are then finally “closed.” Would you please define when you want districts to start working on the Excess Cost Calculation?

Please see C.1 and C.2 regarding when LEAs should begin using the Excess Cost Calculation workbook. Outside of the current situation (mid-year):

The Excess Cost Calculation “Base Calculation” tab should be completed towards the beginning of a new fiscal year, after the prior year’s expenditures have been finalized. The base calculation tab requires expenditure data from the prior year to set the minimum expenditure level for the new fiscal year. The final step of the process is to complete the “Calculation Results” tab. An auditor may request to see the completed workbook, including the calculation results, during the single audit review. DPI would not request to see a fiscal year’s workbook (meaning both the base calculation and calculation results tabs are completed) until a fiscal year has been audited and closed. Below is a sample of a normal timeline:

September 2015	Complete the “Base Calculation” tab for fiscal year 2015-16 using expenditures and revenues from FY 2014-15.
August 2016	Independent Auditors may request to see the FY 2015-16 Excess Cost Calculation workbook, which should have the base calculation tab completed. The LEA may, at this time, complete the calculations result tab, which requires expenditure and revenue data from FY 2015-16.
September 2016	Complete the “Base Calculation” tab for fiscal year 2016-17 using expenditures and revenues from FY 2015-16.
September 2016	If the information was not already entered due to a FY 2015-16 audit, the LEA would use most of the same information entered into the Base Calculation tab for 2016-17 (row above) and complete the calculations result tab for 2015-16 using expenditure and revenue data from FY 2015-16.
January 2017	DPI would request to see a “completed” workbook for FY 2015-16.

D. Allocating Costs / Prorating

- D.1 Our special education expenditures are budgeted and expended at the district level. We do not break anything out by building or grade level. Can you give us some suggestions on how to allocate the costs? Can I just take the number of students at each level, primary and secondary, and prorate the costs?

The IDEA regulations are clear that an LEA's costs must be identified at the elementary and secondary level and that a proration of costs would not be acceptable. However, it is the subrecipient's prerogative to determine how costs are identified and allocated – the standard is that the method must be reasonable, defensible and consistent from year to year. It would be reasonable to state that an LEA is able to split instructional staff costs by elementary and secondary levels based on which school / grade levels the staff instruct. In turn, it is defensible to say that supplies and instructional materials that are purchased at a district level and distributed to schools without regard to cost can be pro-rated to the elementary and secondary levels based on the percentage split between elementary and secondary staffing expenditures.

- D.2 Our district consists of one building, grades K-12. When it comes to specials like music, art, physical education, etc., we have one teacher who teaches K-12. Suggestions for how we allocate?

The LEA should identify teachers that are easily tied to elementary and secondary and report the expenditures to the correct level. For the teachers that service all grades, it is the subrecipient's prerogative to determine how costs are identified and allocated – the standard is that the method must be reasonable, defensible and consistent from year to year. Suggested methods include (but are not limited to):

- Teacher's costs based on number of students served in each level
- Teacher's costs based on number of classes taught at each level
- Teacher's costs based on number of hours spent per level

Once a method is determined, document it as a written procedure for future calculations.

- D.3 Is there a way the costs could be pulled into the spreadsheet according to our annual report and then have a formula prorate costs based on student count rather than based on elementary and secondary actual costs?

The regulations are clear that actual costs are to be determined at the elementary and secondary levels and not through a proration of costs determined by number of students. An allocation of total costs by student percentages would not reflect that an LEA spends more money at the elementary level versus the secondary level. An example of this cost difference includes smaller class sizes in the elementary grades which require more teachers, versus much larger class sizes in the secondary grades which require fewer teachers. A proration of costs by student would inflate the actual expenditures at the secondary level.

- D.4 Our small district is divided between 4K-6 and 7-12. How do I divide things like Art, Physical Education, and Music where we only have one teacher?

The LEA should identify teachers that are easily tied to elementary and secondary and report the expenditures to the correct level. For the teachers that service all grades, it is the subrecipient's prerogative to determine how costs are identified and allocated – the standard is that the method must be reasonable, defensible and consistent from year to year. Suggested methods include (but are not limited to):

- Teacher's costs based on number of students served in each level
- Teacher's costs based on number of classes taught at each level
- Teacher's costs based on number of hours spent per level

Once a method is determined, document it as a written procedure for future calculations

- D.5 Our building is grades 7 through 12, and we have a single art teacher teaching all grades. Some of the classes are open to all students / grades. How do I allocate their costs to move the 7-8 grade costs to the elementary level?

In the situation in which a building has grades 7 through 12 with a single art teacher, and many of the classes are open for any student to take, the LEA could use the method of splitting the costs based on grades in the building. In this example, two of the grades are elementary, grades 7 and 8, and four of the grades are secondary – 9, 10, 11, and 12. The costs could then be split 33% towards elementary and 67% towards secondary.

There is no established way to do this. Each LEA will need to determine a method that best suits their situation.

Once a method is determined, document it as a written procedure for future calculations.

- D.6 We will be able to identify staff costs at the elementary and secondary level. However, our supplies and textbooks are purchased at the district level and not “expended” at a school level. What is the most appropriate way to allocate this expense?

It is the subrecipient's prerogative to determine how costs are identified and allocated – the standard is that the method must be reasonable, defensible and consistent from year to year. It is defensible to say that supplies and instructional materials that are purchased at a district level and distributed to schools without regard to cost can be pro-rated to the elementary and secondary levels based on the percentage split between elementary and secondary staffing expenditures.

Once a method is determined, document it as a written procedure for future calculations.

- D.7 In Section B, “Federal and State Revenue Received” we are reporting on state categorical aid that was received for an expenditure that occurred in the prior year. Can we pro-rate this

revenue between elementary and secondary based on the district-wide expenditure proration percentages?

It is the subrecipient's prerogative to determine how revenues are allocated – the standard is that the method must be reasonable, defensible and consistent from year to year. It is reasonable and defensible to say that revenue that cannot easily be attributed to expenditures may be prorated based on the district-wide proration percentages.

Once a method is determined, document it as a written procedure for future calculations.

E. Excess Cost Calculation Workbook / PI-Annual Reports

E.1 Could this worksheet pre-populated with numbers from the PI-1505 Annual Reports? We are a K-8 district and do not have to break out anything by school level. It appears that I need to spend time re-entering information that DPI already has collected.

The vast majority of LEAs in Wisconsin are not a single K-8 building district, so pre-populating the workbook with data from the annual report would be more confusing as the numbers would have to be corrected and re-entered manually to reflect actual and not prorated expenditures at the local and secondary levels.

The regulations require that all sub-recipients of IDEA Part B entitlement funds complete the excess cost calculation.

F. Student Counts

F.1 In Part C under Base Calculations, the total resident enrollment is for 2012-2013 and in Part D, the students with disabilities, the enrollment is for 2013-2014. Why two separate school years for those two groups?

During research for this question, it was determined that the student count years listed on the FY 2014-15 Excess Cost Calculation workbook were incorrect. The workbook has been updated (rows 33 and 39 on the Base Calculation page).

The count years are based on the requirements in the regulations. To determine an Annual Per Student Expenditure amount, the LEA divides the prior year's total expenditures by the prior year's total student enrollment count. To determine the minimum amount to be spent on the education of students with disabilities in the current year, the LEA would take the Annual Per Student Expenditure amount and multiple the figure by the number of students with disabilities enrolled in the current year. Part C and Part D of the calculation now look like this:

Part C - Average Annual Per Student Expenditure	
ELEMENTARY	
FY 2013-14 Total Elementary Expenditures	← Determines the average per student cost in FY 2013-14
FY 2013-14 Total Elementary Resident Student Enrollment (4K - 8)	
<u>Average Annual Per Student Expenditure, Elementary Level:</u>	
Part D - State and Local Minimum Required for Students with Disabilities	
ELEMENTARY	
Average Annual Per Student Expenditure, Elementary Level:	← Using the current year's student with disability count, the LEA determines the minimum amount that must be spent in the current year
FY 2014-15 IDEA MOE Students with Disabilities Count (Grades 4K - 8)	
FY 2014-15 State and Local Minimum Elementary Amount Required:	

F.2 Which “all student” (students with and students without disabilities) enrollment count do we use in Part C of the calculation?

LEAs should use the student number reported through PI-1563, Pupil Count Reporting, broken out by grades 4K-8 and grades 9-12.

F.3 Are 3-year-olds with disabilities counted into the elementary count?

The regulations state that the LEA must multiply the number of elementary school children with disabilities in the LEA times the average annual per student expenditure (Appendix A to Part 200, d.). Based on this language, the LEA should only include in their count students with disabilities who are enrolled in grades 4K through 8 for the elementary level.

F.4 How do we enter the open enrollment tuition (both expenditures and revenue)? We don't separate out how much by each school. It is coded in our district wide expenditures. Is it fine if I just code the total on the district-wide sheet?

The LEA reports the open enrollment revenue and the open enrollment expenditures in separate source and function codes from other revenue and costs. However, this financial information is not separated by elementary and secondary.

LEAs are able to access the open enrolled students' grades through the Open Enrollment Application Log (OPAL) at <https://apps4.dpi.wi.gov/OpenEnroll/Pages/Login.aspx>

The LEA can export a list of students that have open enrolled into and out of the district. Each open enrolled student's grade is listed, including students with disabilities. Between the financial data and the grade information in OPAL, an LEA will be able to determine expenditures and revenue at the elementary and secondary levels.