Introduction to IDEA Funding

*Indiindually with Disabilities Education Act*

**Excess Cost of Special Education**

- Direct costs that are incurred when providing special education instruction and related services.

- Costs are generated by the unique needs of the students with IEPs.

- If the school or district had no students with disabilities enrolled, the cost would not exist.
### Guiding “Excess Cost” Questions

**In the absence of students with IEPs, would this cost still exist?**

*If the answer is...*

- **YES,** then the cost is not an excess cost of special education
  - Example: Homeroom Teacher

- **NO,** then the cost may be an excess cost of special education
  - Example: Learning Disabilities Teacher

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**Is this cost also generated by students without IEPs?**

*If the answer is...*

- **YES,** then the cost is not an excess cost of special education
  - Example: Core reading curriculum

- **NO,** then the cost may be an excess cost of special education
  - Example: Supplemental reading toolkit to core curriculum
Guiding “Excess Cost” Questions

If it is a child specific service, is the service documented in the student’s IEP?

*If the answer is...*

- **YES,** then the cost may be an excess cost of special education
  - Specialized transportation identified as a need

- **NO,** then the cost is not an excess cost of special education
  - Specialized transportation is not identified as a need

Accounting for Excess Cost

Fund 27 – A segregated area used to hold all costs and revenue generated only by special education.

Project Codes – Tags given to *each* expenditure in Fund 27 to identify how it will be funded.

<table>
<thead>
<tr>
<th>Project Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project 019</td>
<td>Costs that will be paid for using local funds only</td>
</tr>
<tr>
<td>Project 011</td>
<td>Costs initially paid using local funds, but will then be partially reimbursed with state aid or Medicaid</td>
</tr>
<tr>
<td>Project 340</td>
<td>Costs that will be paid for by the IDEA grants</td>
</tr>
</tbody>
</table>
Local

- Tax base
- Covers the majority of special education expenditures

State

- Categorical Aids
- High Cost fund

Federal

- IDEA Formula
- High Cost fund
- Medicaid

Funding source break down for an LEA with a total student population of 3,482

For this LEA, special education costs for a fiscal year totaled $5,605,300

Special Education Funds

- Local
- State
- IDEA
- High Cost
- Medicaid

$3,588,000
$1,133,000
$635,500
$153,000
Less than 1%

3%
11%
20%
IDEA – The Funding Source

US Department of Education grants IDEA Part B funds to Wisconsin’s State Education Agency (which is DPI).

DPI subgrants IDEA funds to approximately 440 agencies:
- Flow-through Formula (FT)
- Preschool Formula (PS)
- High Cost Aid
- Discretionary Statewide Initiatives
Formula funds under IDEA are awarded on a non-competitive basis for programs and services to students with disabilities.

<table>
<thead>
<tr>
<th>Types of IDEA Formula Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Preschool (PS)</strong></td>
</tr>
<tr>
<td>Provides funding for special education services to children ages 3 to 5.</td>
</tr>
</tbody>
</table>

| **Flow-through (FT)**        |
| Provides funding for special education services to children ages 3 to 21. |

In Wisconsin, the “LEA” with FAPE responsibility is the only subrecipient of the IDEA formula grants.

<table>
<thead>
<tr>
<th>IDEA Formula Grant Eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Wisconsin statute, the following agencies are responsible for FAPE (a free appropriate public education for students with disabilities):</td>
</tr>
<tr>
<td>- School districts</td>
</tr>
<tr>
<td>- Independent charter schools</td>
</tr>
<tr>
<td>- Department of Corrections</td>
</tr>
<tr>
<td>- Department of Health Services</td>
</tr>
</tbody>
</table>

Other agencies, such as CESAs and CCDEBs, are not responsible for FAPE and are thus not eligible for IDEA formula funding.
**IDEA Increases**
Since the base amounts were established, the award to Wisconsin has increased creating “new funds.”

**85% Enrollment & 15% Poverty Count**
IDEA funds not obligated for base payments are distributed based on an LEA’s total student enrollment and the number of students living in poverty.

### This is an example of an LEA’s allocation calculation for IDEA flow-through funds.

<table>
<thead>
<tr>
<th></th>
<th>Base Pay Amount</th>
<th>Total Student Enrollment</th>
<th>US Census Poverty Count</th>
<th>Total FT Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Based on 1999 Child Count</td>
<td>85% of the new funds</td>
<td>15% of the new funds</td>
<td>Base + New Money</td>
</tr>
<tr>
<td>66 Students</td>
<td>$150,000</td>
<td>$310,000</td>
<td>$50,000</td>
<td>$510,000</td>
</tr>
<tr>
<td>4,500 Students</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Base Payments**
Each LEA generates a “base amount” established with child count data reported in the late 1990s.
### IDEA Formula Grant Availability

<table>
<thead>
<tr>
<th>Each Formula Award – Available for 27 Months</th>
<th>Forward Funding: 3 months (July 1 – Sept. 30)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Award Period:</strong></td>
<td><strong>Tydings Period:</strong></td>
</tr>
<tr>
<td><strong>12 months</strong></td>
<td><strong>12 months</strong></td>
</tr>
<tr>
<td>(Oct. 1 – Sept. 30)</td>
<td>(Oct. 1 – Sept. 30)</td>
</tr>
</tbody>
</table>

### Obligation Period

Obligation: A transaction that requires payment.

Obligation Period: The same as the 27 months of grant availability.

Obligations, however, are booked in the fiscal year in which they occurred.
### Obligation Period Examples

- **Allowed Grant Charge:**
  - Transaction on August 15, 2019; Grant began on July 1, 2019.

- **Not Allowed Grant Charge:**
  - Transaction occurred on June 25, 2018; but Grant does not begin until July 1, 2018.
  - Transaction occurred on October 15, 2019; but Grant ended on September 30, 2019.

- **Obligation within a Fiscal Year:**
  - **CORRECT** - Transaction on August 25, 2018; booked in fiscal year 2018-19; claimed on fiscal year 2018-19 IDEA flow-through claim.
  - **NOT CORRECT** – same transaction, but claimed on the September 30th final IDEA flow-through claim for fiscal year 2017-18.

### An LEA’s Obligation Period

**Begins on July 1**

**if...**

**LEA submits the IDEA formula application in substantially approvable form by July 1**
“Substantially Approvable Form”

IDEA Grant Assurances
- Submitted by July 1
- Electronically signed by a District Authorizer in WISEgrants

IDEA Budgets – Flow-through & Preschool
- Submitted by July 1
- Submitted through WISEgrants

Standard is “Submitted” – not “Approved”

Assurances signed August 1

**AVAILABILITY OF FUNDS**
July 1, 2018 – September 30, 2020

**OBLIGATION PERIOD**
August 1, 2018 – September 30, 2020

<table>
<thead>
<tr>
<th>Cost A</th>
<th>Cost B</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 15</td>
<td>August 15</td>
</tr>
<tr>
<td>NOT ALLOWED</td>
<td>ALLOWED</td>
</tr>
</tbody>
</table>
IDEA Formula Carryover Rules

Each federal funding source has its own rules on:
- Funding Availability
- Carryover

IDEA’s formula funding rules:
- Funding is available for 27 months.
- Total amount of allocation is available for the 27 months.
  - No limit on the amount of unspent funds that “carry over” into the next fiscal year.

TA: goo.gl/UrtsDM

Allowable IDEA Formula Costs

Most costs tied to the provision of special education instruction and related services, not reimbursed by another Federal program such as Medicaid.
Not Allowed on the Formula Grant

Costs generated when providing general education to all students, not just students with IEPs.

- Core curriculum
- Student transportation

Services that a district would normally provide for all students (a safe environment, heat, janitorial services, utilities, general education instruction) are not an “excess cost” of special education and thus not allowed as IDEA grant expenditures.

IDEA Formula Allowable Costs

The “IDEA Allowables” technical assistance document lists over 100 items that can and cannot be charged to the IDEA formula grants.

The document often maps where the item can be located in the web-based IDEA formula application (WISEgrants). The Allowables document is updated on a regular basis.

URL: goo.gl/y1zhCp
Instructional Software

Allowable Cost:
20 software licenses to provide specialized reading instruction to students per their IEPs. The cost of all 20 licenses may be charged to the IDEA formula grant.

Unallowed Cost:
20 software licenses to provide general education reading interventions to all students identified as struggling in reading. The group receiving general education reading interventions is made up of both students with and without disabilities.

Instructional Software - Prorated

When an LEA purchases instructional software that will be used by multiple departments, a portion of the software costs can be charged to IDEA if it meets certain criteria.

70 READ-NOW software licenses are purchased. Of those, 50 will be used to provide reading interventions to all student struggling in reading. The remaining 20 will be used by the special education program to provide specialized instruction per students IEPs. The cost of the 20 licenses can be charged to IDEA.
Instructional Software - Prorated

If the LEA chooses to purchase a district license because it is more cost effective than purchasing individual licenses, the same proration would apply by determining the percentage of students who would use the software to receive specialized instruction per their IEPs.

<table>
<thead>
<tr>
<th>District License</th>
<th># of Users</th>
<th>Cost per User</th>
<th># of IEPs</th>
<th>Amount Prorated to IDEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000</td>
<td>200</td>
<td>$500</td>
<td>75</td>
<td>$37,500</td>
</tr>
</tbody>
</table>

Capital Equipment – No Proration

Capital equipment purchased with IDEA funds cannot be shared between general education and special education. If local funds are used to pay for a portion of the capital equipment, its use is still tied solely to special education.

Vehicles purchased (or leased) with IDEA funds must be used ONLY for special education related costs.

- Transporting students to and from school if the student’s IEP requires specialized transportation.
- Transporting students during the school day if related to their special education and related services.
- Use by special education staff.
“Allowed” Contracting Costs

LEAs may contract with a CESA, CCDEB, or another LEA for any special education services.

LEAs may contract with a private vendor for services provided directly to the student (these are Wisconsin limitations, not federal):

- Nursing, Occupational and Physical Therapy
- Audiology Services and Educational Interpreters
- Speech / Language
- Orientation and Mobility Instruction
- Transition Services for 18 to 21-year-olds.
- Paraprofessionals and Substitute Teachers

Private Vendor Contract Costs

LEAs may NOT contract with a private vendor for services provided directly to the student in:

- Psychological Services
- Autism Services

LEAs may NOT contract with a private vendor for the following positions:

- Teachers
- Guidance Counselors
- Social Workers
### Not So Common “Allowed” Costs

- Paying parents for the costs of specialized transportation.
- Early Childhood placements at private daycares (for the portion of time the student receives special education services).

### Common “Unallowed” Costs

- Medicaid billing costs (like MJ Care)
- Music therapy provided by a private vendor
- Inappropriately licensed staff
- Prorating equipment
- Remodeling for ADA purposes only
- Instructional contracts with private vendors
Not So Common “Unallowed” Costs

- Costs for expulsion hearings
- Costs of legal fees for due process
- Costs for providing related services under a 504 plan (student does not have an IEP)

Clerical Staff (§200.413(c))

Clerical staff should normally be charged as an indirect cost, however, can be charged as a direct cost if:

1. administrative or clerical services are integral to a project or activity;
2. individuals involved can be specifically identified with the project or activity;
3. such costs are explicitly included in the budget; and
4. the costs are not also recovered as indirect costs.
Personnel Monitoring Focus

Typical multiple cost objective full-time positions:
- Secretaries / Assistants
- Fiscal staff
- Related Services staff (social workers, guidance counselors)
- IT Staff

When there is no “schedule,” how will a person’s effort be determined and supported?

There must be supporting documentation that accurately reflect the work performed.

Personnel Monitoring Focus

Typical Multiple Cost Objective Positions

- Subrecipient must have a process that provides reasonable assurance that the charges are accurate, allowable, and properly allocated.
- Be incorporated into the official records of the subrecipient.

Nothing less will be acceptable – if the subrecipient wishes to charge this type of position to the grant, the supporting documentation must meet these standards.
**Short-term Employees**

Individuals who complete time sheets or other documentation for compensation.

- Substitute Teachers and Paraprofessionals
- Tutors and Mentors
- Extended School Year Services and IEP Activities

Their documentation for compensation will suffice for time and effort documentation (if addressed in the LEA’s procedures).

- Be sure you can demonstrate how the amount charged to the grant aligns with the compensation documentation!

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**State Aid & Federal Aid**

The salary and benefits of special education teachers and related services staff may be funded through IDEA, state special education categorical aid, or a combination of both aid programs.

- IDEA funds reimburse claimed expenses at 100%.
- State special education categorical aid reimburses claimed expenses at approximately 26 to 28%.

But, the same expense cannot be claimed for both.
### Special Education Teacher Salary / Benefits = $100,000

<table>
<thead>
<tr>
<th>Federal Funds</th>
<th>State Aid</th>
<th>Both</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claim 100% and receive $100,000</td>
<td>Claim 100% and receive approx. $28,000 (28%)</td>
<td>Claim 60% from IDEA - $60,000</td>
</tr>
<tr>
<td>No state categorical aid funds may be claimed for this individual.</td>
<td>No IDEA funds may be claimed for this individual.</td>
<td>Claim 40% for state aid - $11,200</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The remaining $28,800 is covered by local funds.</td>
</tr>
</tbody>
</table>

### State Aid & Federal Aid

In the “State Aid” example, the LEA will still have to cover a portion of a state aidable cost with local funds.

The non-reimbursed amount cannot be submitted for IDEA funds because the state aid percentage is based on the cost being 100% locally funded to start.

However, costs that are submitted for state aid can also be submitted for Medicaid SBS reimbursement.

Costs funded with IDEA cannot be submitted for Medicaid SBS reimbursement.
## Property Management

Know what was purchased with IDEA funds.
- And the items align with an approved grant budget

Know where it is located.

Know how it is being used.

## Property Disposal

Equipment purchased with IDEA funds must be used by the program as long as the program need exists. To “dispose” of equipment, the LEA must determine that the special education program no longer needs the item.

Using a vehicle as an example, factors such as age and size of the vehicle are taken into consideration. But the LEA may not re-purpose a vehicle for general education use and purchase a new vehicle with IDEA funds simply because the funds are available to do so.
## Property Disposal

### Items with a per unit value of less than $5,000

- Is the item no longer needed by the program? Document the reason why it is no longer needed.

- Options –
  - Give to another school district (equipment follows student)
  - Give to another federal program (Title I)
  - Give to general education
  - Sell (book any revenue in Fund 27)

- Always document how the item was disposed.

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## Property Disposal

### Items with a per unit value greater than $5,000

- Document the reason why the equipment is no longer needed by the program.

- Regardless of how the equipment is disposed, the fair market value of the equipment must either –
  - Be booked as revenue in Fund 27 (reinvested in Special Education); or
  - Returned to DPI (which will be sent to US Department of Education)

- It does not matter the cost of the equipment when purchased, only the value at the time of sale.
  - A vehicle purchased for $15,000 must still be worth at least $5,000 at time of sale to require the fair market value reinvestment.
Supplement / Not Supplant

Definition: Replacing previously locally funded costs with federal dollars.

For special education, there is no supplement / not supplant provision with IDEA funds if an LEA is meeting the IDEA maintenance of effort requirement.

- This means an LEA has the flexibility to switch funding for a position or purchase, example:
  - 2017-18 – Lisa Johnson, LD Teacher, paid locally (state aid eligible)
  - 2018-19 – Lisa Johnson, LD Teacher, paid with IDEA flow-through

Equitable Services

If there are private schools in the LEA’s jurisdiction, then the LEA must set-aside IDEA funds annually to spend on special education services for students with disabilities placed in private schools by their parents.

The calculation and services are based on the location of the private school and not based on a student’s residence (different than Title I’s equitable services).
Maintenance of Effort

- LEAs – IDEA requires that LEAs must budget and expend the same amount of local funding for special education as it expended in a previous fiscal year. (34 CFR §300.203)

- Failure to comply results in a payback of local funds equal to the amount of effort not maintained.
  - LEA fails to maintain local effort by $10,000.
  - LEA must pay back, in local funds, $10,000.

Accounting for IDEA Expenditures

Fund: 27

Project Code:
  - 341 – Flow-through
  - 347 – Preschool

Revenue Source:
  - 730 - Federal Special Projects Aid Transited Through DPI

CFDA:
  - 84.027 – Flow-through
  - 84.173 – Preschool
IDEA Application Process

WISEgrants Web Portal:

- Federal grant assurances
- Determine equitable services set-aside
- Flow-through and Preschool Budgets
- Flow-through and Preschool Claims

Additional Technical Assistance

IDEA Formula Grants Allowable Cost Technical Assistance Page
https://dpi.wi.gov/sped/educators/fiscal/allowable

IDEA Formula Grants Budget Application Technical Assistance Page
https://dpi.wi.gov/sped/educators/fiscal/idea-wisegrants

Claiming IDEA Formula Grants Technical Assistance Page
https://dpi.wi.gov/sped/educators/fiscal/claims