

Introduction to IDEA Funding

Individuals with Disabilities Education Act

Federal Funding Conference

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WISCONSIN DEPARTMENT OF
PUBLIC INSTRUCTION

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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

Guiding “Excess Cost” Questions

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.

Project 019

Costs that will be paid
for using
local funds only

Project 011

Costs initially paid using
local funds, but will then
be partially reimbursed
with state aid or
Medicaid

Project 340

Costs that will be paid
for by the IDEA grants

Local

- Tax base
- Covers the majority of special education expenditures

State

- Categorical Aids
- High Cost fund

Federal

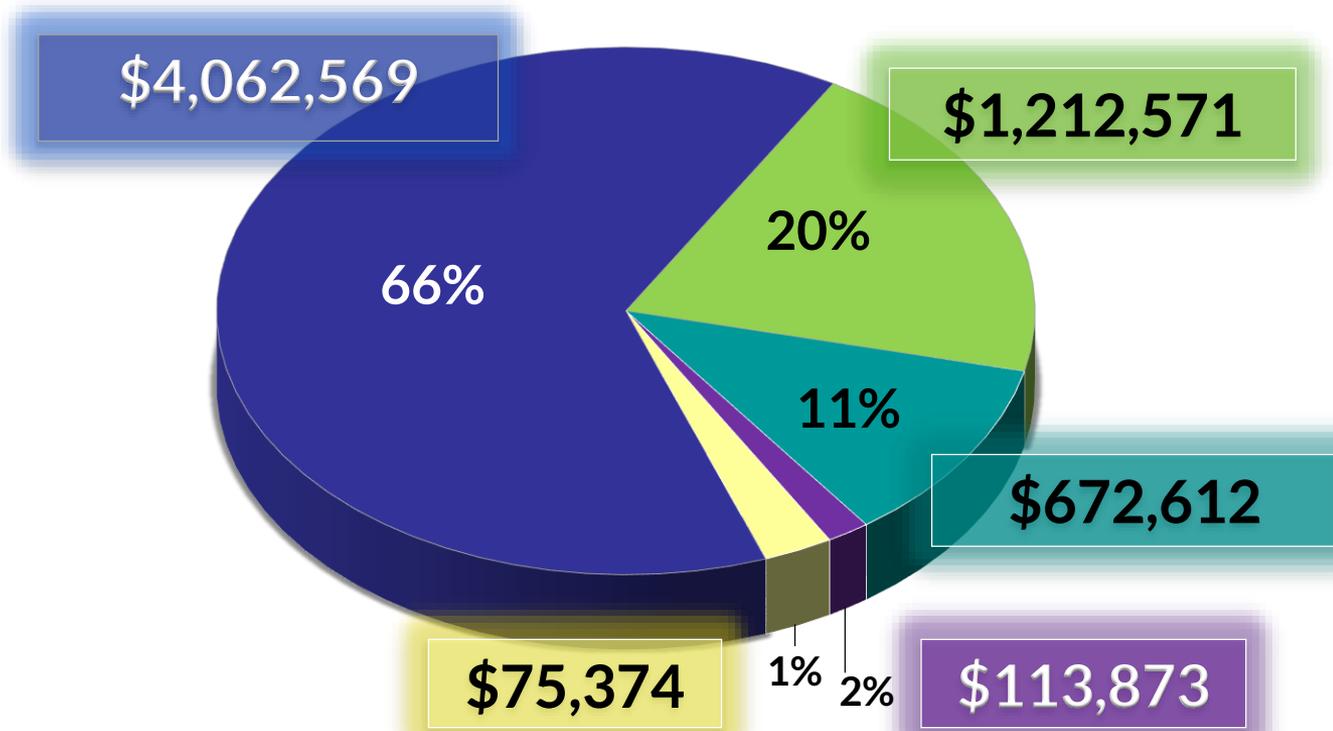
- IDEA Formula
- Medicaid

Funding source break down for an LEA with a total student population of 3,420

For this LEA, special education costs for a fiscal year totaled \$6,135,999

Special Education Funds

Local State IDEA High Cost Medicaid



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)
- ❖ Discretionary Statewide Initiatives



SEA's Award
34 CFR §300.700 & §300.800

State Administration
§300.700 (a) / §300.800

State Level Activities
§300.704 (b) / §300.804

LEA Formula
§300.705 / §300.815

**Monitoring &
Complaint Investigation**
§300.704 (b)((3)(i)

Mediation Process
§300.704 (b)(3)(ii)

Statewide Initiatives
§300.704 (b)(4)

RTI Center

**Regional Service
Network**

WSPEI

Formula funds under IDEA are awarded on a non-competitive basis for programs and services to students with disabilities.

Preschool (PS)

Provides funding for special education services to children ages 3 to 5.

Flow-through (FT)

Provides funding for special education services to children ages 3 to 21.

Types of IDEA Formula Grants

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

Under Wisconsin statute, the following agencies are responsible for FAPE (a free appropriate public education for students with disabilities):

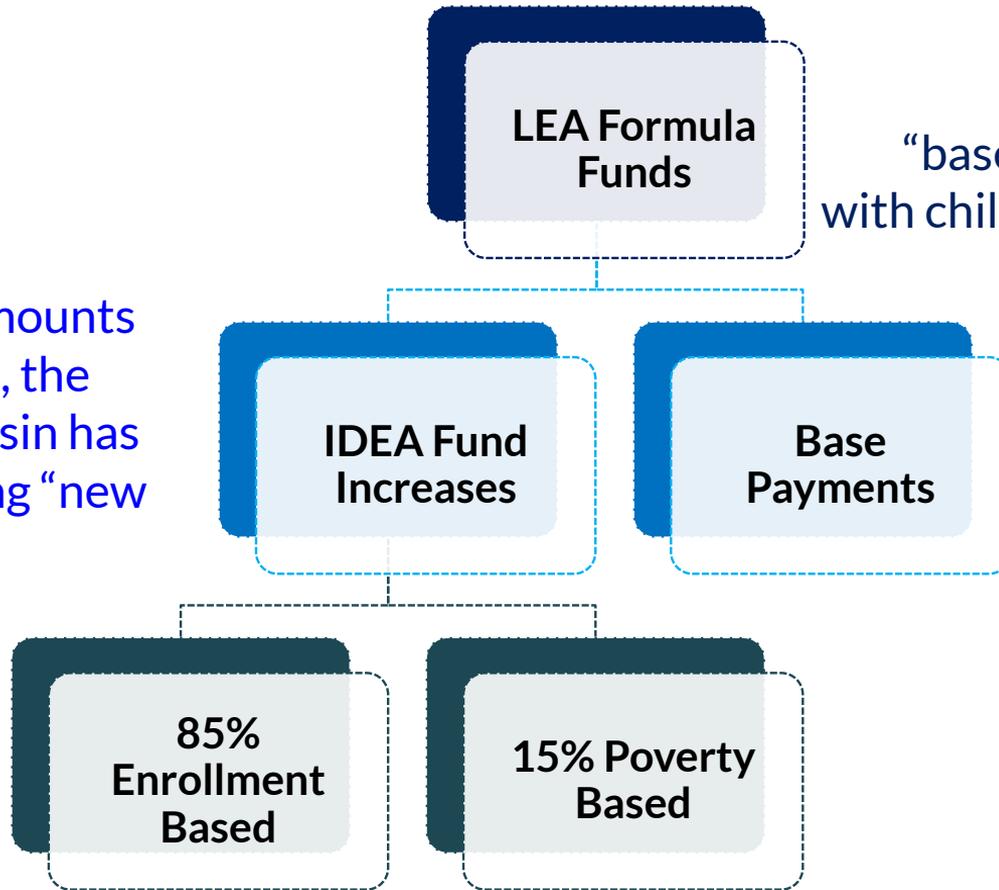
- School districts
- Independent charter schools
- Department of Corrections
- Department of Health Services

Other agencies, such as CESAs and CCDEBs, are not responsible for FAPE and are thus not eligible for IDEA formula funding.

IDEA Formula Grant Eligibility

IDEA Increases

Since the base amounts were established, the award to Wisconsin has increased creating “new funds.”



Base Payments

Each LEA generates a “base amount” established with child count data reported in the late 1990s.

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.

Base Pay Amount	Total Student Enrollment	US Census Poverty Count	Total Flow-through Allocation
Based on 1999 Child Count	Increase in award distributed @ 85%	Increase in award distributed @ 15%	Base + Award Increase
66 Students	4,500 Students	1,000 Students	
\$150,000	\$310,000	\$50,000	\$510,000

IDEA Formula Grant Availability

**Each Formula Award –
Available for 27 Months**

**Award Period:
12 months
(Oct. 1 – Sept. 30)**

**Forward Funding:
3 months
(July 1 – Sept. 30)**

**Tydings Period:
12 months
(Oct. 1 – Sept. 30)**

An LEA's Grant 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

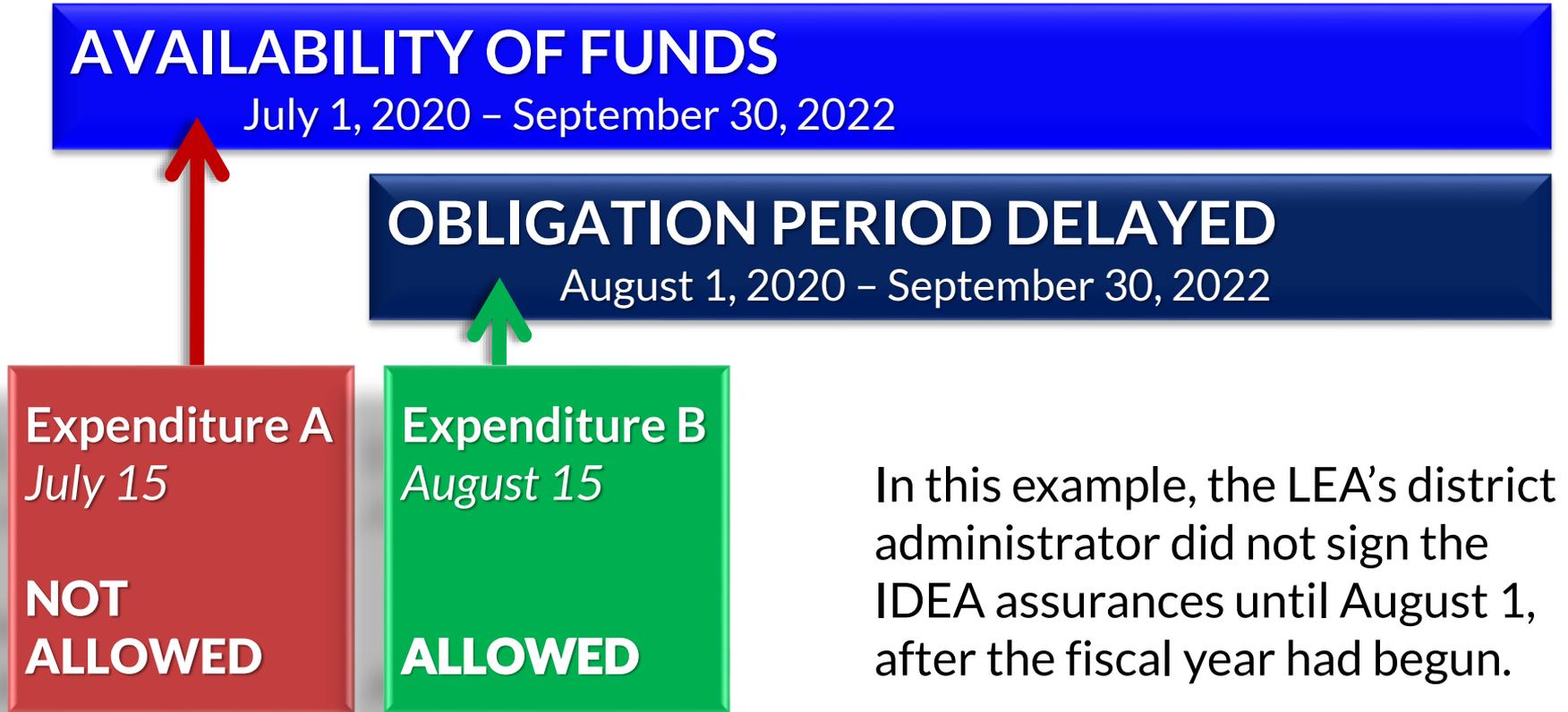
- ❖ Submitted by July 1
- ❖ Electronically signed by a District Authorizer in WISEgrants

IDEA Budgets – Flow-through & Preschool

- ❖ Submitted by July 1
- ❖ Submitted through WISEgrants

Standard is “Submitted” – not “Approved”

Missing Deadlines – Impact on Grant



IDEA Formula Carryover Rules

Each federal funding source has its own rules on:

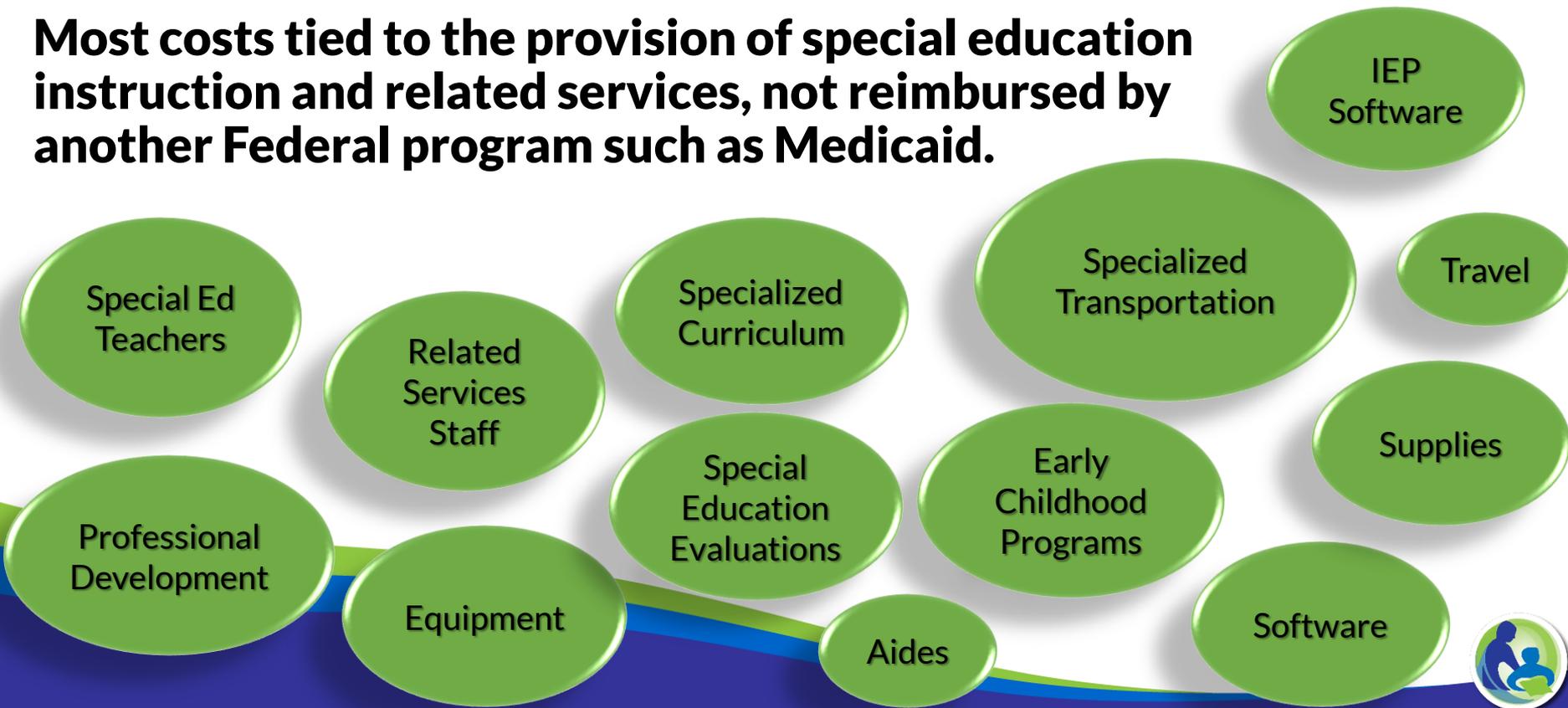
- ❖ Funding Availability
- ❖ Carryover

IDEA's formula funding rules are:

- ❖ 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; however, a single year's allocation must be spent down within the 27 months.
 - Carryover is automatic, LEAs do not need to request it.

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.

<http://bit.ly/idea-allowable>

Symbol	Budget Item	Special Requirements or Additional Information
	ADAPTIVE EDUCATION - Physical Education, Music, or Art: Salary and benefits of staff employed by an LEA, CESA or CCDEB.	<p>The salary and benefits of a teacher holding a DPI license ‘1860’ for Adaptive Physical Education or ‘1859’ for Art or Music - Special Education are allowed for the time the teacher provides instruction to students with disabilities per the student’s IEP requirements.</p> <p> Adaptive education provided by a private contractor (object 370) is not eligible for IDEA or state special education categorical aid.</p>
	ADVERTISING: Costs associated with advertising in media such as newspapers, radio and television, direct mail, or electronic.	<p>Allowed for IDEA-related recruitment of personnel, procurement of goods and services, child find activities, and other specific purposes necessary to meet the requirements of the IDEA grant.</p> <p>WISEgrants Budget Location: Advertising for Child Find activities <i>Budget Section:</i> Purchased Services <i>Type of Purchase:</i> Communication <i>Purchase Detail:</i> Child Find Activities (Object 350)</p> <p>Advertising for staff recruitment <i>Budget Section:</i> Purchased Services <i>Type of Purchase:</i> Communication <i>Purchase Detail:</i> Advertising (Object 351)</p>
	AIDES: Salary and benefits of staff employed by an LEA, CESA or CCDEB as well as private vendor contracted staff.	<p>Individuals acting as special education aides must have, at a minimum, a DPI license ‘0070’ (Special Education Program Aide). However, a Special Education Program Aide license is not required if the individual holds <u>any</u> other valid DPI license. The special education aide licensure rule applies to LEA employees and contracted individuals, even if short-term or subbing.</p> <p>Click on the link for the list of allowed private vendor personnel contract costs eligible for IDEA or state special education categorical aid.</p> <p>WISEgrants: Click on the link for the location of all items related to special education aides within the IDEA budgets.</p>

Allowable Costs

Students with disabilities generate unique costs, such as special education teachers, speech and language pathologists, occupational and physical therapists...but some costs exist for both special and general education and how they are used for the intended audience determines their allowability on the IDEA grant.

- ❖ Assessments
- ❖ Curriculum
- ❖ Software
- ❖ Equipment

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 ReadNow 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-level 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.

District License	# of Users	Cost per User	# of IEPs	Amount Prorated to IDEA
\$100,000	200	\$500	75	\$37,500

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.

Contracting Costs

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

LEAs may contract with a vendor for services provided directly to the student as long as the individual holds an appropriate and valid DPI license.

LEAs may contract with a private agency for a lump-sum tuition if the agency is identified by DPI as a private school. If the agency is not a private school, then the LEA is contracting for specific services (and the individuals must be licensed).

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). The daycare does not have to be listed as a private school per DPI.



Common “Unallowed” Costs

- Medicaid billing costs (like MJ Care)
- Music therapy provided by a private vendor who does not hold a Music-Special Education license
- Inappropriately licensed staff
- Special Education Aides for Summer School
- Prorating equipment
- Remodeling for ADA purposes only

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
- ❖ Pupil Services Staff (school psychologists, 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!

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 25 to 28%.

But, the same expense cannot be claimed for both.

Special Education Teacher Salary / Benefits = \$100,000

Federal IDEA Funds

Claim 100% and receive \$100,000

No state categorical aid funds may be claimed for this individual and no local funds are used.

State Aid

Claim 100% and receive approx. \$26,000 (26%)

No IDEA funds may be claimed for this individual. The remaining \$74,000 is covered by local funds.

Both

Claim 60% from IDEA - \$60,000

Claim 40% for state aid - \$10,400

The remaining \$29,600 is covered by local funds.



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.

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:

2018-2019 – Lisa Johnson, LD Teacher, paid locally (state aid eligible)

2019-2020 – 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 Costs 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>

