

Introduction to Special Education Funding in Wisconsin

Federal Funding Conference
February 2022



WISCONSIN DEPARTMENT OF
PUBLIC INSTRUCTION

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Acronyms

FAPE - Free Appropriate Public Education

IEP - Individualized Education Program

SEA - State Education Agency

- ❖ Wisconsin Department of Public Instruction

LEA - Local Education Agency

- ❖ Defined by state statute as the agency responsible for FAPE
 - Wisconsin Public School Districts
 - Wisconsin Independent Charter Schools
 - Wisconsin Dept of Corrections, Dept of Health Services

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

Local

- Tax base
- Covers the majority of special education expenditures

State

- Categorical Aids
- High Cost fund

Federal

- IDEA Formula
- Medicaid

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

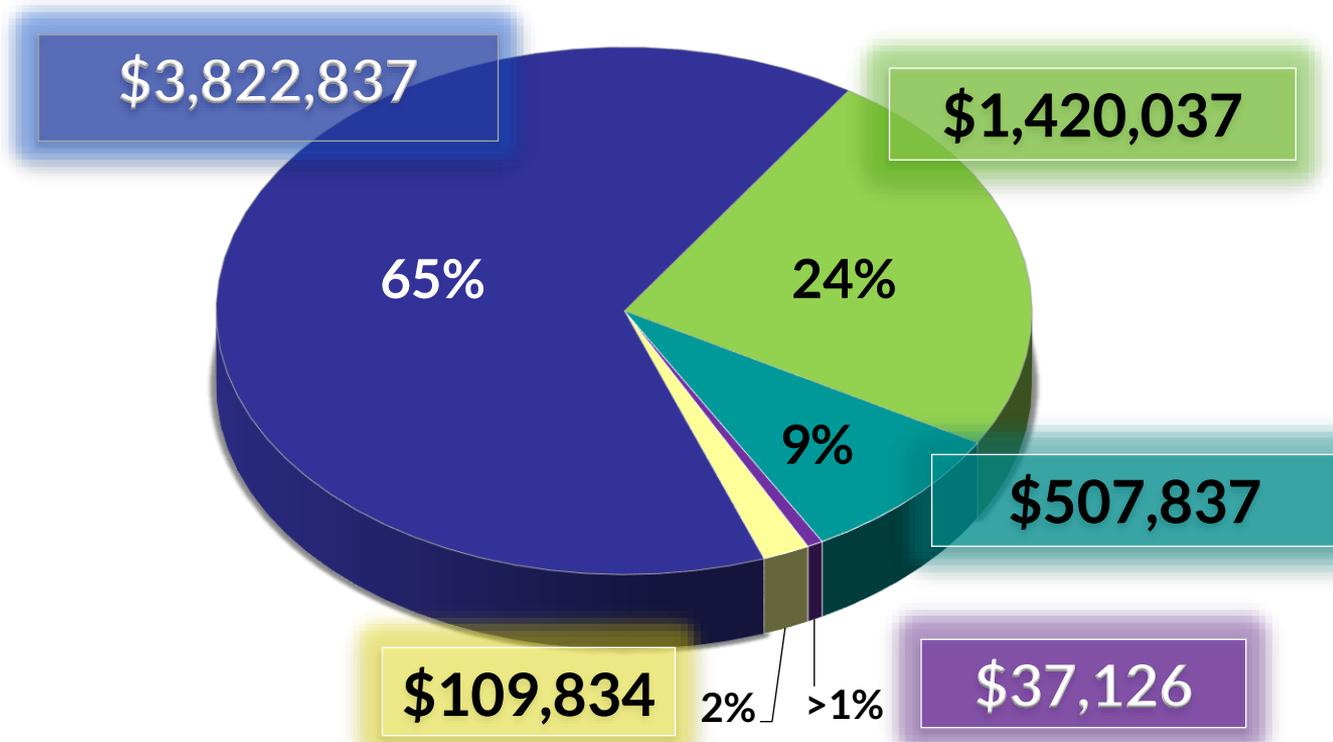
Costs that will be paid
for by the IDEA grants

Funding source
break down for
an LEA with a
total student
population
of 3,480

With 427 IEPs,
this LEA's special
education costs
for FY 2020-2021
totaled
\$5,897,671

Special Education Funds

Local State IDEA High Cost Medicaid



IDEA – Federal 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):

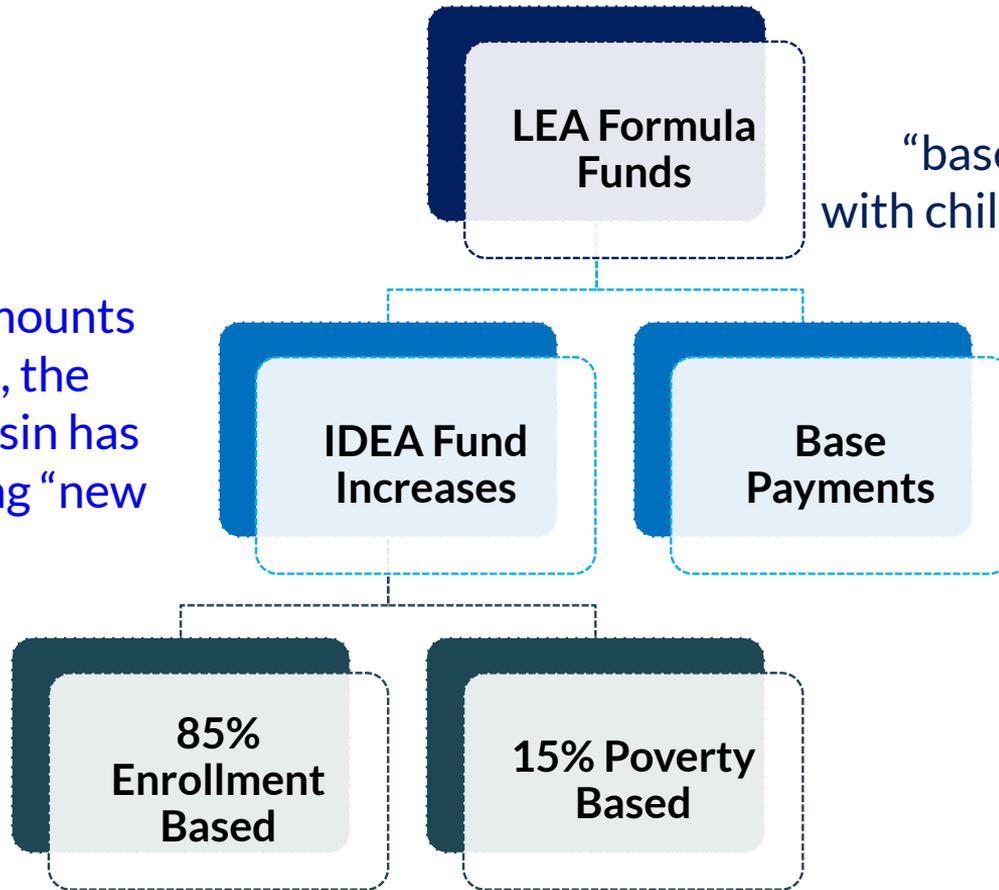
- School districts
- Independent charter schools
- Department of Corrections
- Department of Health Services

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)**

IDEA Formula Carryover Rules

Each federal funding source has its own rules on:

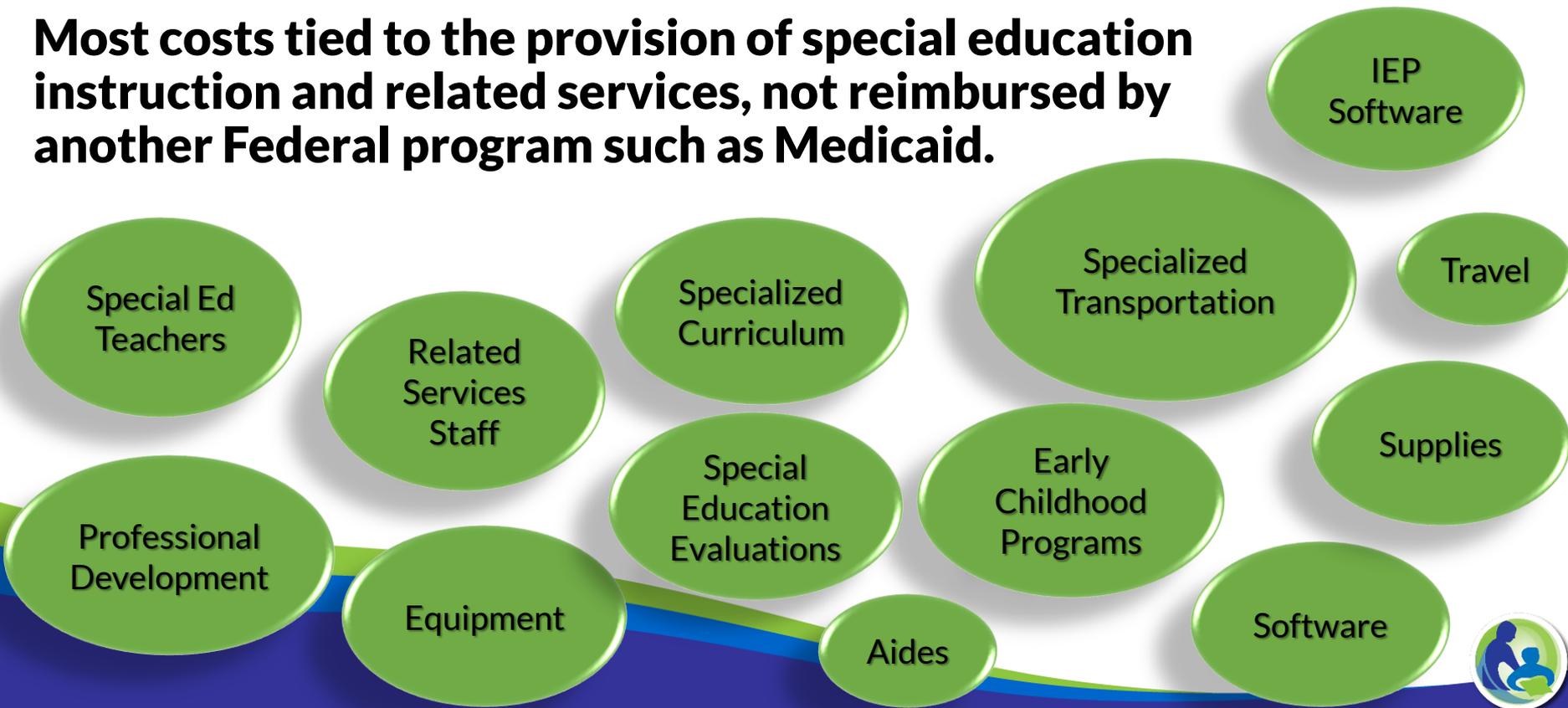
- ❖ Funding Availability
- ❖ Carryover

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.



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
	<p>504 Services or Software Applications: Costs associated with providing services under a 504 plan or software management systems.</p>	<p>Services provided to students with 504 plans (and not an IEP) must be coded to Fund 10 and are not eligible for IDEA or state special education aid. These are <u>not</u> considered special education costs as required under IDEA.</p> <p>The cost of 504 plan data management systems are not considered special education and must be coded in Fund 10 (and the costs are not eligible for IDEA funding). If the 504 plan management system is integrated with an IEP web-based system, the subrecipient should determine an allocable portion that would not be coded to Fund 27 (special education).</p>
	<p>ADAPTIVE EDUCATION - Physical Education, Music, or Art: Salary and benefits of staff employed by an LEA, CESA or CCDEB as well as private vendor contracted staff.</p> <p>34 CFR § 300.156</p>	<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>WISEgrants Budget Locations: Adaptive Education Teacher employed by the LEA - <i>Personnel</i> <i>Position:</i> Teacher <i>Area:</i> Adaptive Physical Education; Art - Special Ed; Music - Special Ed <i>Position Activity:</i> Standard for regular hours (EFN required). The other choices represent short-term work and can represent several employees. <i>Function:</i> 159300</p> <p>Contracted Adaptive Education Teacher - <i>Purchased Services</i> <i>Type of Purchase:</i> CESA Contract, CCDEB Contract, LEA Contract, or Private Vendor Contract <i>Purchase Detail:</i> Staffing <i>Position:</i> Teacher <i>Area:</i> Adaptive Physical Education; Art - Special Ed; Music - Special Ed <i>Function:</i> 436000</p>
	<p>ADVERTISING: Costs associated with advertising in</p>	<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 IDEA.</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).

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
- Costs for providing related services under a 504 plan (student does not have an IEP)
- Special Education Aides for Voluntary Summer School

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:

2020-2021 – Lisa Johnson, LD Teacher, paid locally (state aid eligible)

2021-2022 – Lisa Johnson, LD Teacher, paid with IDEA flow-through

Allowable Costs & WISEgrants

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>



IDEA Formula Application Process

WISEgrants Web Portal:

- ❖ Federal grant assurances
- ❖ Software calculates equitable services set-aside
- ❖ Flow-through and Preschool budget and claim submission
 - DPI Special Education Team staff approve budgets before claims can be submitted for reimbursement.

Once the LEA incurs the expenditure, a claim can be submitted immediately after the transaction for cash reimbursement.

IDEA Formula Application Process

Published on DPI's website: Allocations and Carryover

<https://dpi.wi.gov/sped/educators/fiscal/allocations>

This page includes links to

- ❖ Flow-through Formula Funding by LEA
- ❖ Preschool Formula Funding by LEA

Medicaid – Federal Funding Source

Managed by the Wisconsin Department of Health Services.

LEAs can “opt in” to this program - it is not a grant program but a percentage reimbursement for eligible costs per the School-Based Services Medicaid program rules.



Types of Medicaid Payments

Interim SBS Billing (School Based Services)

- ❖ Payment for student-specific expenditures. This reimbursement is based on the billing submitted by the individual providing the direct services.

Medicaid Administrative Claiming (MAC)

- ❖ Not student specific, intended to cover administrative overhead. Payment is based on a prior year and sent in a lump sum to the receiving agency.

Cost Settlement (SBS)

- ❖ Not student specific, intended to resolve the differences between submitted claims and final eligibility.

State Special Education Categorical Aids

Established through state statutes, these are appropriations made by the Wisconsin state legislature to help offset the excess cost of providing special education and related services incurred by LEAs.



Wisconsin has two funding programs to support the costs of special education and related services.

Special Education Aid

This is the major categorical aid program supporting special education in Wisconsin, and far exceeds the federal portion - in FY 2020-2021, the state made \$450,276,200 available as categorical aid; whereas IDEA formula funding for the same year was only \$206,208,604.

High Cost Special Education Aid

Provides additional funding for individual students with exceptionally significant and costly needs.

Types of Special Ed Categorical Aid

State Special Education Categorical Aid is a cost reimbursement program that provides funding based on eligible costs incurred in the prior year.

Only the excess costs of providing special education to students with IEPs ages 3 to 21 are eligible for special education categorical aid reimbursement.

Aid is available for the salary and benefits of licensed teachers, aides and support staff, as well as transportation and a few other specific costs.

The eligibility expenditures for categorical aid reimbursement are generally stricter than for funding under a federal IDEA grant.

State statute determines eligible agencies and is not restricted to the “FAPE” agency.

Under Wisconsin statute, the following agencies are eligible for state special education categorical aid:

- School districts
- Independent charter schools
- CESAs
- County Children with Disability Education Board

Brown County CCDEB

Calumet County CCDEB

Walworth County CCDEB

Marathon County CCDEB

Eligibility for State Special Ed Aid

State Special Education Aid Process

At the closing of each fiscal year, eligible agencies submit annual financial statements to DPI identifying the special education expenditures that were not reimbursed with IDEA formula funds.

Of those non-grant funded expenditures, the costs eligible for state special education categorical aid reimbursement (per state statute) generate a reimbursement amount that is paid out in six payments the following year.

State Aid Reimbursement

Sum-certain appropriation in the biennial budget

Aid payments are prorated between 25 to 30%

Example:

\$100,000 in eligible expenditures generates a reimbursement of \$25,000;

the remaining \$75,000 is paid for by the LEA with their own local funds.

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 30%.

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%)

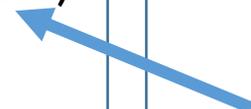
No IDEA funds may be claimed for this individual. The remaining \$74,000 is covered by local funds.

Both

Claim 60% from IDEA - \$60,000

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

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



IDEA Maintenance of Effort Regulations

IDEA requires that LEAs budget and expend the same amount of local funding for special education and related services as it expended in the previous fiscal year.

This includes the expenditures that generate the state special education categorical aid reimbursement.

DPI monitors every LEA, every year, for compliance with the IDEA maintenance of effort requirement.

IDEA Maintenance of Effort Regulations

At the state level, IDEA prohibits Wisconsin from reducing its aggregate financial support for special education below the amount of that support for the preceding fiscal year.

This includes any amounts earmarked for special education, including support for the Wisconsin School for the Deaf and the Wisconsin Center for the Blind and Visually Impaired.

DPI must report on its compliance with this requirement every year through our state IDEA application for funding.

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).

Additional Technical Assistance

IDEA Formula Grants Technical Assistance Page

<https://dpi.wi.gov/sped/educators/fiscal>

State Special Education Categorical Aid Technical Assistance Page

<https://dpi.wi.gov/sfs/aid/special-ed/overview>

Special Education Team Fiscal Contacts

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