

Overview of Special Education Funding in Wisconsin

WI Federal Funding Conference
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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: English Language Arts Teacher
- ❖ **NO**, then the cost may be an excess cost of special education.
Example: Cross Categorical Special Education 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 mathematics curriculum

❖ **NO**, then the cost may be an excess cost of special education.

Example: Supplemental math 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.
Daily nursing services identified as a need
- ❖ **NO**, then the cost is not an excess cost of special education.
School nursing services not identified as a need

Local

- Tax base
- Covers the majority of special education expenditures

State

- Categorical Aids
- High Cost fund
- Transition grants

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

Projects 34X

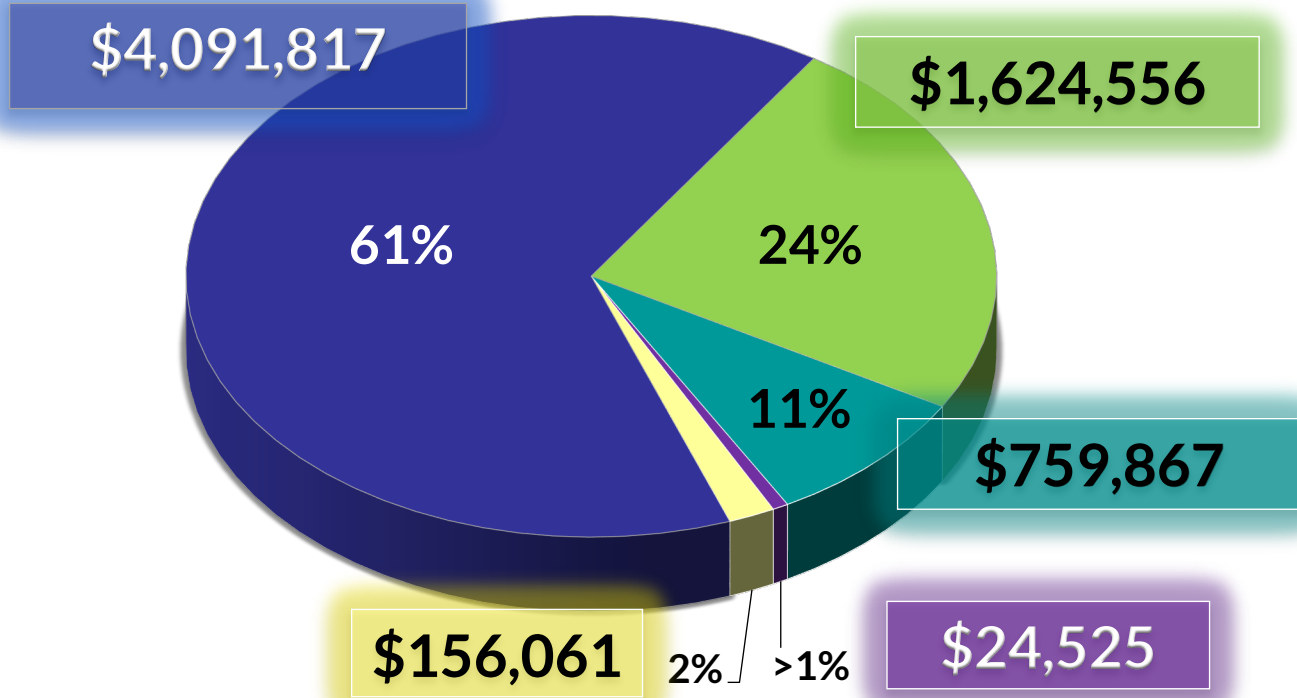
Costs that will be paid
for by the IDEA grants
(341, 342, 347, 348)

Funding source break down for an LEA with a total student population of 3,415

With 430 IEPs, this LEA's special education costs for FY 2021-2022 totaled \$6,656,826

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



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.

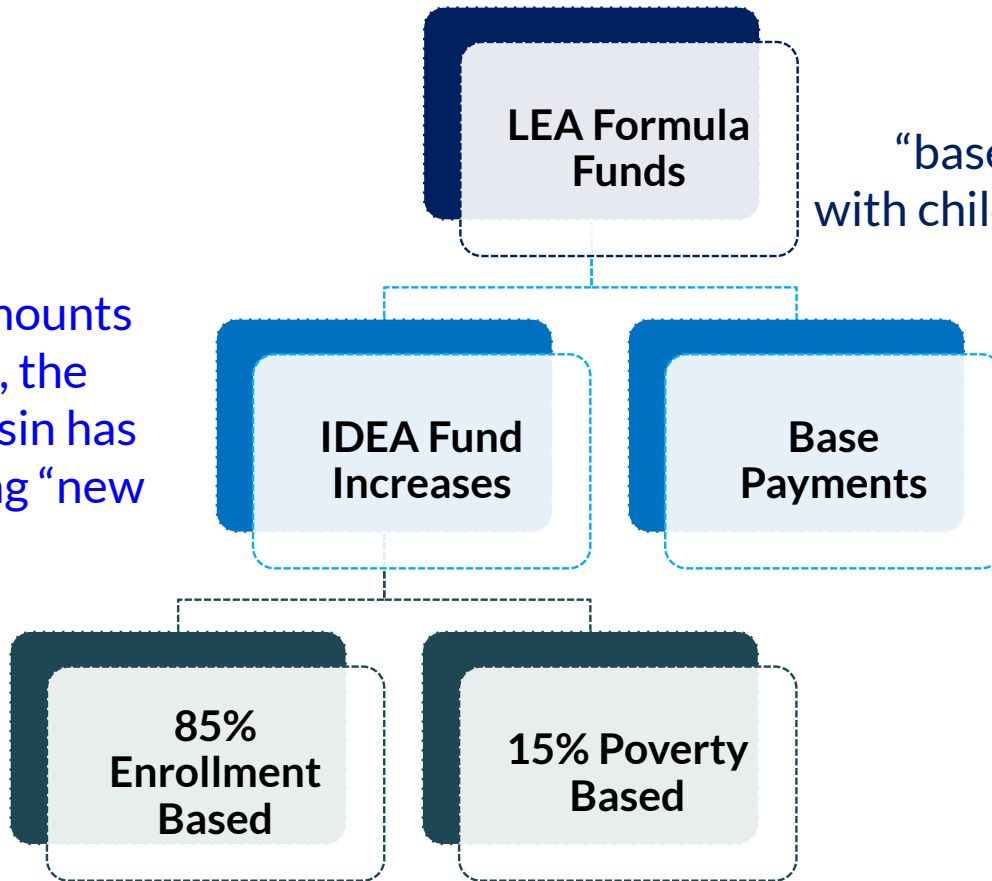
Flow-through (FT)

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

Types of IDEA Formula Grants

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 Application Process

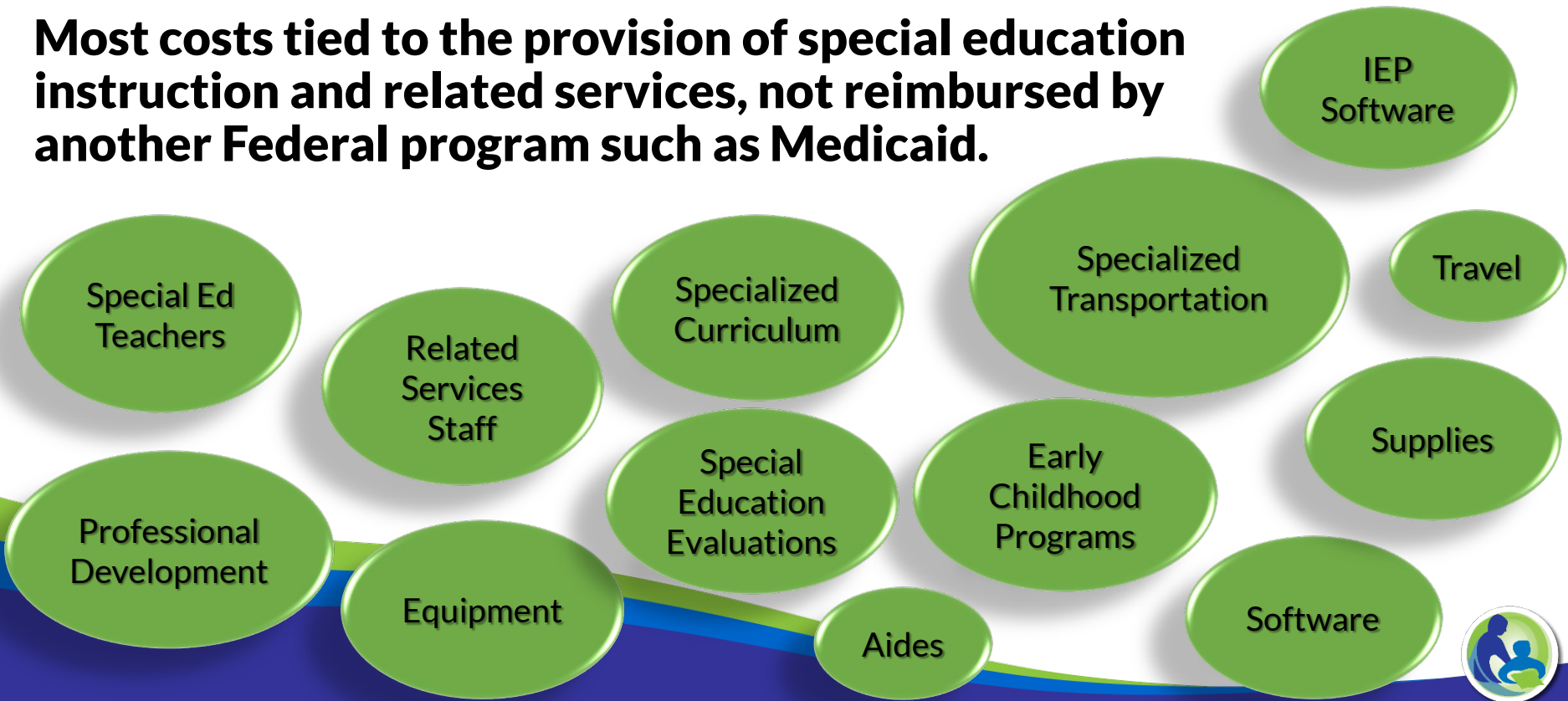
WISEgrants Web Portal:

- ❖ Federal grant assurances
- ❖ 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.

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 Allocations

Published on DPI's website: [Allocations and Carryover](#)

- ❖ [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.

Coding Medicaid Revenue

Medicaid Revenue Type	Source Code
Interim SBS Billing (School Based) <i>Code if transited through a CESA</i>	27R-000-780-000000-000 27R-000-581-000000-000
Medicaid Administrative Claiming (MAC) <i>Code if transited through a CESA</i>	10R-000-780-000000-000 10R-000-581-000000-000
Cost Settlement (SBS) <i>Code if transited through a CESA</i>	10R-000-780-000000-000 10R-000-581-000000-000

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 several 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 & IDEA Funding

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 dollar cannot be submitted for both sources.

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%)

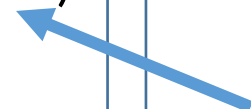
No IDEA funds may be claimed for this individual. The remaining \$74,000 is covered by local funds.

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 & Medicaid

The same costs submitted for Medicaid School-Based Services reimbursement, such as Speech & Language, Occupational Therapy, Attendant Care, etc., may also be submitted as costs to generate state special education categorical aid.

Costs submitted for SBS claiming should be coded as a Project 011 (if eligible for state aid, which most qualify).

Costs submitted for SBS claiming cannot also be claimed under IDEA because IDEA funds 100% – the LEA would receive more in revenue than actual expense.

High Cost Special Education Aid

Optional aid program for LEAs with qualifying students.

Program is managed by the School Financial Services team (not the Special Education team).

Claims for the High Cost program are submitted in the fall after the expenses for a student were incurred. Any aid generated is paid out the following June (a full year after the costs).

Revenue is not tied to back to an expense.

High Cost Special Education Aid

To qualify, the student must generate more than \$30,000 in special education costs after deducting any off-setting revenue received through IDEA , Medicaid or State Special Education categorical aid.

Amounts over \$30,000 are eligible for reimbursement at 90% (per statute) but then further pro-rated based on available funding.

**Student A
FY 2022-2023**

Tuition = \$45,000

Transportation = \$15,000

**Project 341 =
\$30,000**

**Project 011 =
\$15,000**

**Project 019 =
\$15,000**

**Aided at
29%**

Amount Eligible for High Cost: \$23,085

$\$60,000 - \$30,000 - \$4,350 = \$25,650 * 90\%$

Amount Paid Out Based on Available Funding: \$10,388

$\$23,085 * 45\%$

Wisconsin has two funding programs to support the costs of transition services for students ages 14 to 21.

Transition Incentive [Grant] Aid

Created by 2015 Act 55, the purpose is to incentivize positive post school outcomes for students with IEPs. LEAs receive \$1,500 (or a prorated amount) for each survey response indicating that the former student met post-high school state goals.

Despite the name, not actually a grant, and the revenue is not tied to any specific Fund 27 expenditures.

Transition Incentive Aid

Wisconsin has two funding programs to support the costs of transition services for students ages 14 to 21.

Transition Readiness Grant

Created by 2017 Act 59, this competitive grant process supports an LEA's implementation of evidence-based practices related to the successful transition from high school for students with IEPs.

Handled by the Special Education team.

\$1.5 million is available annually.

Transition Readiness Grant

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.

Additional Technical Assistance

IDEA Formula Grants Technical Assistance Page

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

State Special Education Categorical Aid Technical Assistance Page (Categorical Aid & High Cost)

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

Transition Readiness Grants (aid program)

<https://dpi.wi.gov/sped/topics/transition/transition-readiness-grants>

Special Education Transition Incentive Grant

<https://dpi.wi.gov/administrators/e-mail/transition-incentive-funds>