

# Introduction to IDEA Formula Funding

*Individuals with Disabilities Education Act*

WI Federal Funding Conference  
February 2024



1

## 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

2

# 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 IEPs enrolled, the cost would not exist.



3

## 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

4

## 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

5

## 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

6

# IDEA – Federal Funding Source

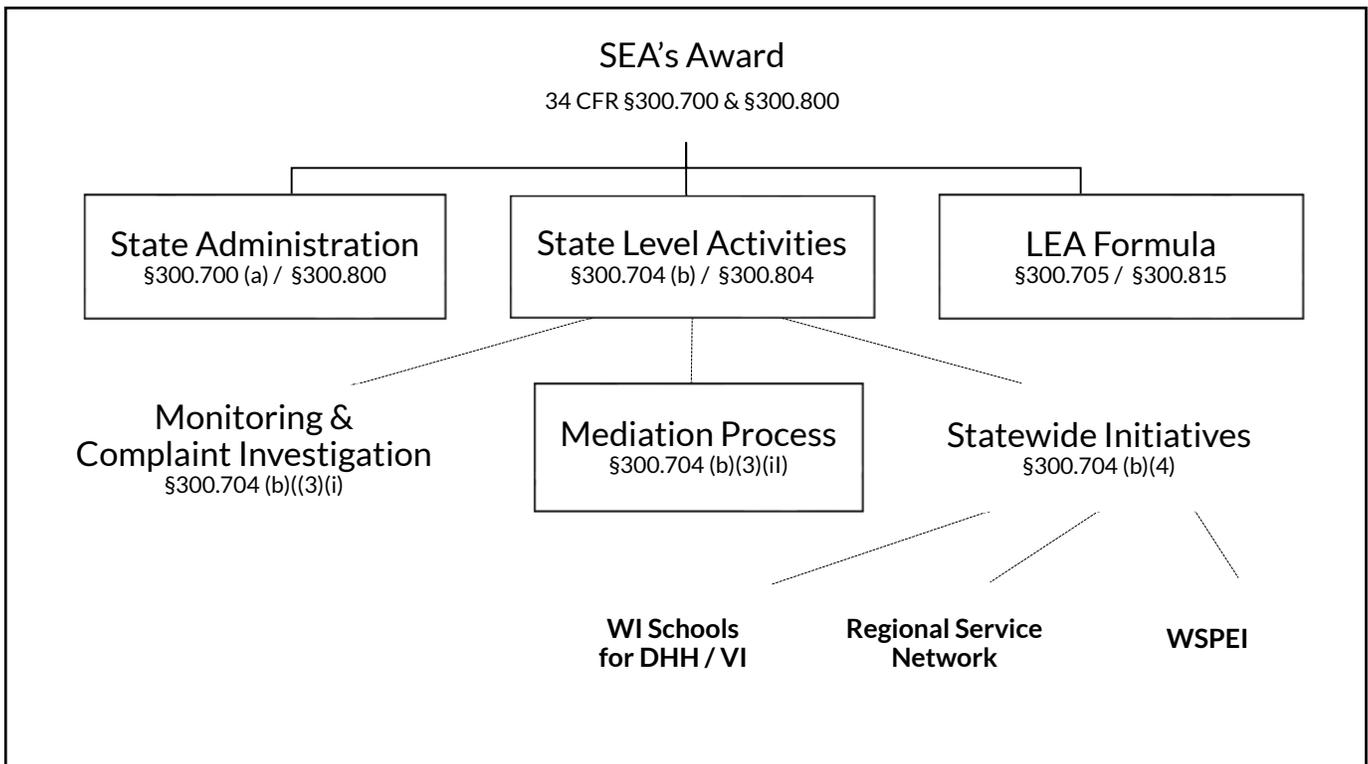
US Department of Education grants IDEA Part B funds to Wisconsin's State Education Agency (which is DPI).

DPI subgrants IDEA funds to approximately 470 agencies:

- ❖ Flow-through Formula (FT)
- ❖ Preschool Formula (PS)
- ❖ Discretionary Statewide Initiatives



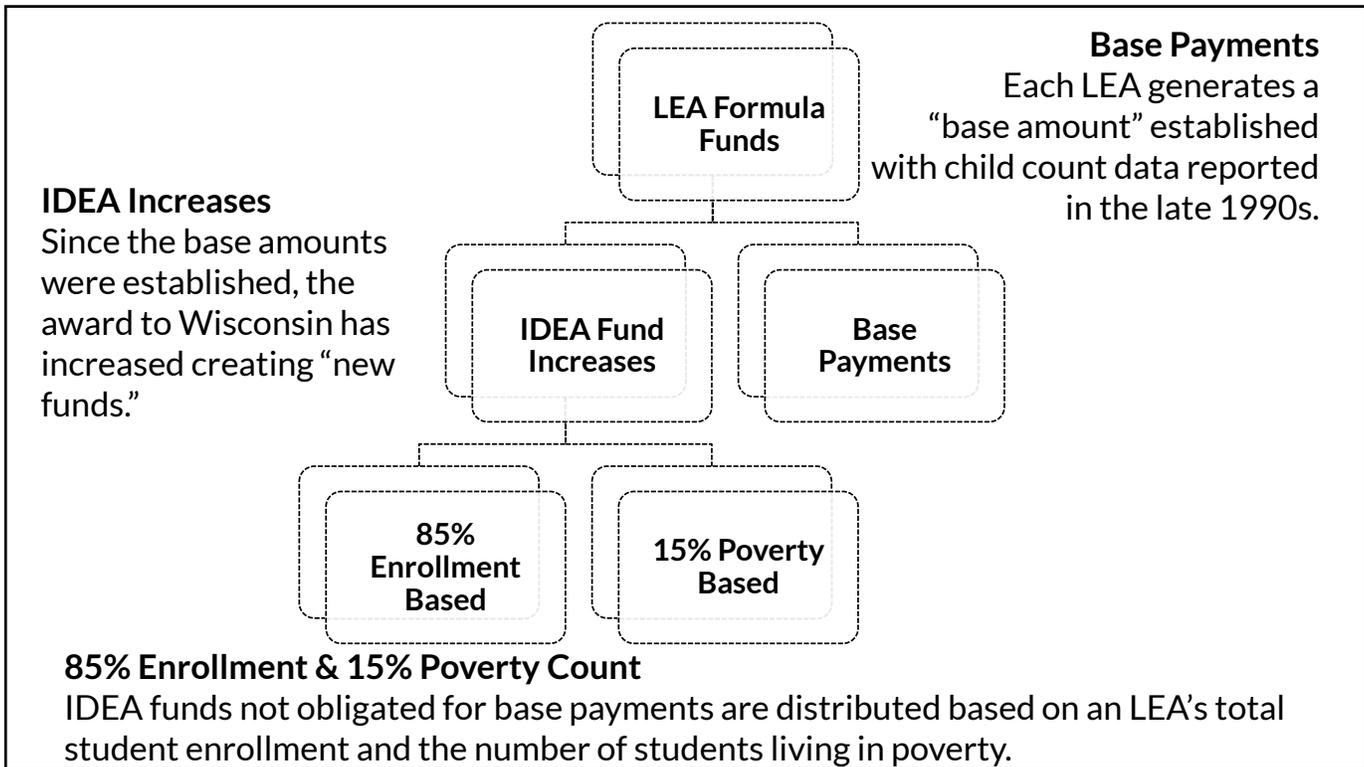
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8

<p><b>Formula funds under IDEA are awarded on a non-competitive basis for programs and services to students with disabilities.</b></p>	<p><b>Preschool (PS)</b> Provides funding for special education services to children ages 3 to 5.</p> <p><b>Flow-through (FT)</b> Provides funding for special education services to children ages 3 to 21.</p> <p><b>Types of IDEA Formula Grants</b></p>
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<p><b>In Wisconsin, the “LEA” with FAPE responsibility is the only subrecipient of the IDEA formula grants.</b></p>	<p>Under Wisconsin statute, the following agencies are responsible for FAPE (a free appropriate public education for students with disabilities):</p> <ul style="list-style-type: none"> <li>• School districts</li> <li>• Independent charter schools</li> <li>• Department of Corrections</li> <li>• Department of Health Services</li> </ul> <p>Other agencies, such as CESAs and CCDEBs, are not responsible for FAPE and are thus not eligible for IDEA formula funding.</p> <p><b>IDEA Formula Grant Eligibility</b></p>
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11

<p><b>This is an example of an LEA’s allocation calculation for IDEA flow-through funds.</b></p>	<p><b>Base Pay Amount</b></p>	<p><b>Total Student Enrollment</b></p>	<p><b>US Census Poverty Count</b></p>	<p><b>Total Flow-through Allocation</b></p>
	<p>Based on 1999 Child Count</p>	<p>Increase in award distributed @ 85%</p>	<p>Increase in award distributed @ 15%</p>	<p>Base + Award Increase</p>
	<p>66 Students</p>	<p>4,500 Students</p>	<p>1,000 Students</p>	
	<p>\$150,000</p>	<p>\$310,000</p>	<p>\$50,000</p>	<p>\$510,000</p>

12

# 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)**

13

# An LEA's Grant Obligation Period

**Begins on July 1**

*if...*

***LEA submits the IDEA formula application in  
substantially approvable form by July 1***

14

# “Substantially Approvable Form”

## IDEA Grant Assurances

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

Standard is “Submitted” – not “Approved”

15

## II. ASSURANCES

**Allowable Costs:** Costs incurred will be allowable under the principles established in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule [2 CFR Subpart E—Cost Principles].

**Budget Modifications:** The grantee will obtain an approved budget amendment when it is anticipated that claimed expenditures will vary significantly from the amount in the current approved budget. A significant variance is an increase of 10 percent (summary of all line items) of the current total approved budget. [2 CFR §200.308].

**Charter Schools and Their Students:** Children with disabilities who attend public charter schools and their parents will be accorded all of the rights under IDEA Part B. With respect to charter schools that are public schools of the LEA, the LEA will serve children with disabilities attending those charter schools in the same manner as the LEA serves children with disabilities in its other schools, including providing supplementary and related services on site at the charter school to the same extent it has a policy or practice of providing such services on the site to its other public schools. The LEA will provide funds to its charter schools on the same basis as the LEA provides funds to the LEA's other public schools and at the same time as the LEA distributes federal funds to the LEA's other public schools, consistent with the state's charter school law. If the charter school is a public school of the LEA, the LEA will be responsible for ensuring the requirements of IDEA Part B are met. [34 CFR §300.209].

**Compliance with Statutes, Regulations, State Plan, and Applications:** The grantee will comply with the State Plan and applicable statutes, regulations, and the approved applications, and will use IDEA Part B funds in accordance with them. [34 CFR §76.700].

**Equipment:** Equipment purchased in whole or in part with grant funds will be managed consistent with the provisions of 2 CFR §200.313.

**Equitable Services for Parentally Placed Private School Students:** To the extent consistent with the number and location of children with disabilities who are enrolled by their parents in private, including religious, elementary schools and secondary schools located in the school district served by the LEA, provision will be made for the participation of those children in the programs assisted or carried out under IDEA Part B grants in accordance with 34 CFR §§ 300.130 through 300.144. [34 CFR §300.132(a); IDEA Equitable Services Technical Assistance page (DPI)].

**Excess Cost:** The grantee must compute the minimum average amount to be spent for the education of each of its elementary and secondary students with disabilities under section 602(3) of the Act before it may use funds under Part B of the Act [34 CFR §300.16].

**Information for WDPI:** The grantee will provide the WDPI with information necessary to carry out its duties under IDEA Part B, including, with respect to §§ 300.157 and 300.160, information relating to the performance of children with disabilities participating in programs carried out under IDEA Part B. [34 CFR §300.211].

**Maintenance of Effort:** Except as provided in 34 CFR §§ 300.204 and 300.205, funds provided to the grantee will not be used to reduce the level of expenditures for the education of children with disabilities made by the grantee from local funds below the level of those expenditures for the preceding fiscal year. [34 CFR §300.203; IDEA MOE Technical Assistance page (DPI)].

**OMB Standard Form 424B:** The grantee will comply with all applicable assurances in OMB Standard Forms 424B (Assurances for Non-

16

# IDEA Formula Carryover Rules

Each federal funding source has its own rules on:

- ❖ Funding Availability
- ❖ Carryover

IDEA's formula funding rules are:

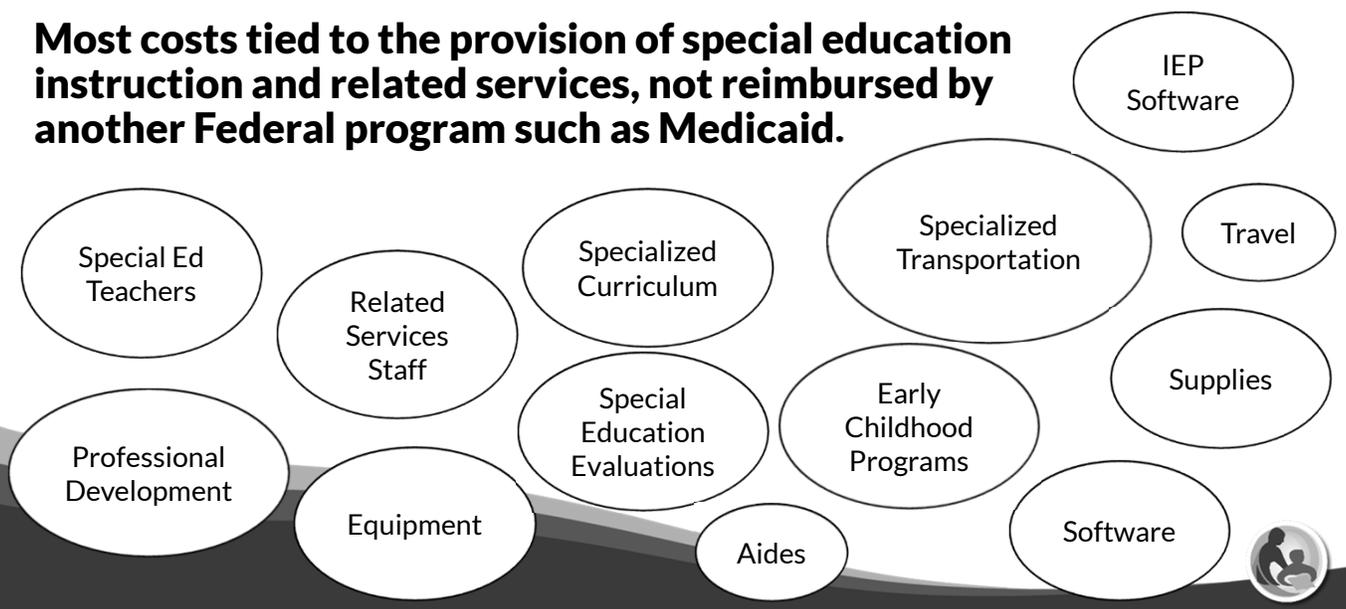
- ❖ Total amount of allocation is available for the 27 months.
  - No limit on the amount of unspent funds that "carry over" into the next fiscal year; however, a single year's allocation must be spent down within the 27 months.
  - Carryover is automatic, LEAs do not need to request it.

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

17

# 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.**



18

# 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
X	504 Services or Software Applications: Costs associated with providing services under a 504 plan or software management systems.	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.  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).
☑	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.  34 CFR § 300.156	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.  <i>WISEgrants Budget Locations:</i> Adaptive Education Teacher employed by the LEA - <i>Personnel</i> Position: Teacher Area: Adaptive Physical Education; Art - Special Ed; Music - Special Ed Position Activity: Standard for regular hours (EFN required). The other choices represent short-term work and can represent several employees. Function: 159300  Contracted Adaptive Education Teacher - <i>Purchased Services</i> Type of Purchase: CESA Contract, CCDEB Contract, LEA Contract, or Private Vendor Contract Purchase Detail: Staffing Position: Teacher Area: Adaptive Physical Education; Art - Special Ed; Music - Special Ed Function: 436000
☑	ADVERTISING: Costs associated with advertising in	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.

19

## 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

20

# 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.

21

# 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.

22

# 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

23

# 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.

24

## 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).

25

## Common “Unallowed” Costs

- Medicaid billing costs (like Kompas 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

26

Program Type	Purchase Item	Equipment Name	Number of Units	Function Number	Function Label	Description	Amount
<b>Section: Non-Capital Objects</b>							
Public School	Non-Capital Equipment	Furniture - Classroom	1	158000	Combined Cost Reporting - Special Education	Furniture and classroom furnishings for special education rooms.	\$10,000.00
Assurance							
The furniture is adapted to the specific needs of a student with a disability (e.g., a wheelchair accessible desk, adjustable tables and workstations).							

The federal capitalization threshold is \$5,000 per unit - meaning at \$5,000 or more, the item must be classified as capital equipment and follow the federal capitalization requirements at 2 CFR 200.313.

Any items with a per unit cost that exceeds the capitalization threshold (either \$5,000 or lower if the LEA's threshold is lower) must be budgeted under Capital Objects (500 series) in WISEgrants.

My assumption was that there was more than one item, so the per unit number needed to be updated. In addition, the description does not provide enough detail on what is being purchased (12 desks, 12 chairs, 2 cabinets)...if multiple items are being addressed in a single line, the number of units per non-capital equipment must be attached to the item in the description.

If many of the classroom items are small, move them from non-capital equipment to a supplies line.

27

The tuition payment to Coulee Connections is an allowed cost, but it was not added correctly onto the budget:

Program Type	Purchase Item	Purchase Item Detail	Object Number	Object Label	Function Label	Vendor	Amount
<b>Section: Purchased Services</b>							
Public School	Payment to LEA	Public School Placement Tuition	382	Payment to a Wisconsin School District	Special Education Contracted Instruction or Additional/Excess Cost Tuition—Non-Open Enrollment	Coulee Connections	\$30,000.00

Coulee Connections is not an LEA, but a private vendor. However, they are recognized as a private school in Wisconsin, so it would be added to the budget like this:

**Purchased Services**

Program Type: Public School

Type of Purchase: Private Vendor Contract

Function: 436000 - Special Education Contracted Instruction ...

Private School Name: Coulee Connections - La Crosse School District

Purchase Detail: Private Placement Tuition

Object: 373 - Instructional Payments to Private Sc...

In the future, using the incorrect Object Code in the budget will cause WISEdata Finance / WISEgrants reconciliation issues.

28

Program Type	Position Label	Area Label	Position Activity	Staff Name	Purchase Item	Function Number	Description	Salary
<b>Section: Purchased Services</b>								
Public School	School Audiologist	No Description Beyond Position		Kathryn Engelhardt	Payment to CESA	436000		\$13,790.75
Public School	Teacher	Hearing Impairment		Dena Craddock	Payment to CESA	436000		\$28,111.51
Private School	Teacher	Emotional Behavioral Disability			Private Vendor Contract	436000	Private off site placement	\$102,760.00

The Program Type “Private School” is meant for the provision of equitable services, not tuition payments to private schools such as the Richardson School.

In this situation, the Program Type had to be changed to “Public School” and then the LEA was required to provide the individual’s education file number (EFN) to demonstrate the allowability of the cost.

Beginning with FY 2024-2025, the two Program Types available in the flow-through and preschool budgets will be either “Public School” or “Equitable Services” to avoid this confusion in the future.

Program Type	Purchase Item	Purchase Item Detail	Object Number	Object Label	Function Number	Function Label	Description	Vendor	Amount
<b>Section: Purchased Services</b>									
Public School	Payment to CESA	Special Education Services Delivery Support	386	Payment to CESA	223390	Other Special Education Supervision & Coordination	Off campus student placement	New Horizons - CESA	\$91,396.56
Additional Information									
Describe the supports provided by the Agency. Please remember that direct instruction or related services must be budgeted under "Staffing"									
tuition for placement of students									

Alternative school costs were added to the budget as “Other Special Education Supervision & Coordination” - function 223390 except the LEA is purchasing *special education instruction* from CESA - function 436000.

The individuals providing the special education services to students with IEPs must have appropriate DPI licenses for the cost to be funded with IDEA formula funds.

The LEA must budget for the contracted costs by identifying the staff who will be providing the special education services. To budget for the costs, “Payment to CESA” would be selected from the Purchase Item dropdown menu and then “Staffing” from the Purchase Item Detail. Those choices will bring up fields for Position and Area (just like the Personnel section).

If there are multiple staff providing the services, split the contract amount between the positions and enter each one into the budget, providing their EFN.

# 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:

2022-2023 - Lisa Johnson, LD Teacher, paid locally (state aid eligible)

2023-2024 - Lisa Johnson, LD Teacher, paid with IDEA flow-through

31

# 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.

32

# 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.

33

# 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.

34

# 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.

35

# 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.

36

# IDEA Formula Application Process

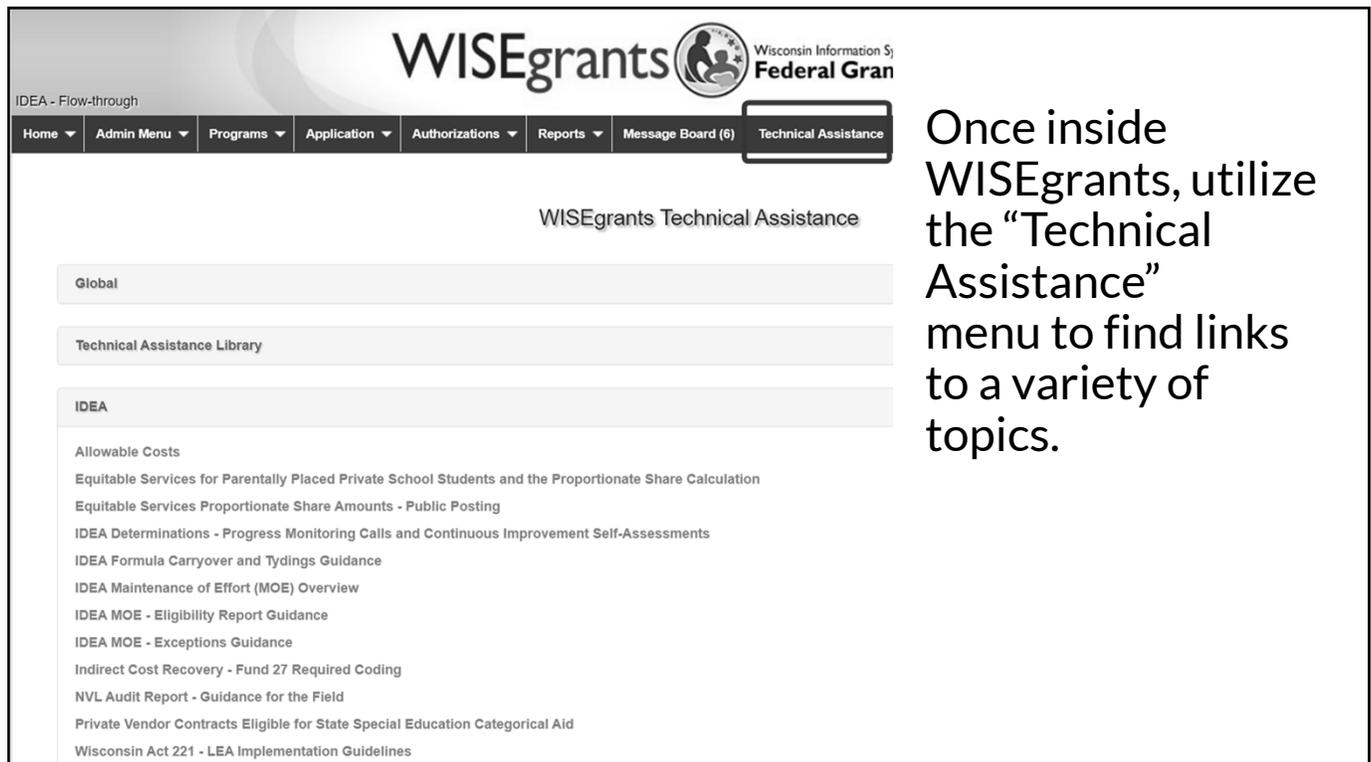
Published on DPI's website: IDEA Application (WISEgrants)

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

This page includes links to

- ❖ IDEA Formula Grant Application Guidance
- ❖ IDEA Formula Grant Application Guidance
- ❖ Flow-through and Preschool Formula Allocation List

37



The screenshot shows the WISEgrants website interface. At the top, the logo for WISEgrants is displayed, with the text 'Wisconsin Information System Federal Grant' to its right. Below the logo is a navigation menu with the following items: Home, Admin Menu, Programs, Application, Authorizations, Reports, Message Board (6), and Technical Assistance. The 'Technical Assistance' menu item is highlighted with a red box. Below the navigation menu, the page title 'WISEgrants Technical Assistance' is centered. On the left side, there are three main sections: 'Global', 'Technical Assistance Library', and 'IDEA'. The 'IDEA' section is expanded, showing a list of resources including: Allowable Costs, Equitable Services for Parentally Placed Private School Students and the Proportionate Share Calculation, Equitable Services Proportionate Share Amounts - Public Posting, IDEA Determinations - Progress Monitoring Calls and Continuous Improvement Self-Assessments, IDEA Formula Carryover and Tydings Guidance, IDEA Maintenance of Effort (MOE) Overview, IDEA MOE - Eligibility Report Guidance, IDEA MOE - Exceptions Guidance, Indirect Cost Recovery - Fund 27 Required Coding, NVL Audit Report - Guidance for the Field, Private Vendor Contracts Eligible for State Special Education Categorical Aid, and Wisconsin Act 221 - LEA Implementation Guidelines.

Once inside WISEgrants, utilize the “Technical Assistance” menu to find links to a variety of topics.

38

# 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

39

# 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.

40

## **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.

41

## **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).

42

# Additional Technical Assistance

## IDEA Formula Grants Technical Assistance Page

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

## Special Education Team Fiscal Contacts

Will Cannon - [ideafiscal@dpi.wi.gov](mailto:ideafiscal@dpi.wi.gov)

Rachel Zellmer - <http://bit.ly/Call-Rachel>

