

IDEA, Part B Excess Costs Guidance Handbook

Introduction

Local educational agencies (LEAs) must follow certain requirements when accepting federal funds. The IDEA requires LEAs to use Part B funds only to pay the “excess costs” of providing special education and related services to students with disabilities **34 CFR 300.202(a)(2)**. The purpose of this requirement is to prevent LEAs from using Part B funds to pay for all the costs directly attributable to the education of students with disabilities (SWDs). To comply, LEAs must spend at least the average annual per student expenditure (APPE) on the education of an elementary school and secondary school SWDs before Part B funds are used to pay the excess costs of providing special education and related services.

What is Excess Cost?

Excess cost means those costs that are in excess of the APPE in an LEA during the preceding school year for an elementary school or secondary school student **34 CFR 300.16**, as may be appropriate, and that must be computed after deducting:

- (1) Amounts received:
 - (a) Under Part B of the act.
 - (b) Under Part A Title I of the ESEA; and
 - (c) Under Parts A and B of Title III of the ESEA; and
- (2) Any state or local funds expended for programs that would qualify for assistance under any of the parts described in subsection (1) of this section but excluding any amounts for capital outlay or debt service. **WAC 392-172A-01075**

What are Considered “Excess Costs”?

To determine excess costs, deductions must be taken for any amounts received under IDEA Part B, the federal Title I program Part A, and federal Title III Parts A and B, as well as state or local funds expended for programs that would qualify for assistance under any of those federal programs.

How are excess costs calculated? (Base tab)

LEAs can use the Excess Cost Worksheet for their calculations of the required amount of expenditures.

LEAs must calculate the minimum APPE it must spend for the education of each of its elementary and secondary students with disabilities before it may use Part B funds. In calculating, there are four steps:

- **Step 1:** The LEA must determine the total amount of its expenditures for elementary students from all sources (local, state, and federal, including IDEA Part B) from the last school year from which fiscal information is available (previous year). The Excess Cost worksheet is found [here](#) by scrolling down to Tools & Templates, Excess Costs.
 - Capital outlay expenditures are excluded. Enter elementary expenditures for Capital Outlay in cells B9 and E9.
 - Debt Services expenditures are excluded. Enter elementary expenditures for Debt Services in cells B10 and E10.
 - Subtract the following expenditures for elementary/secondary:
 - Program 22 state Infant/Toddler. Cells B13 and E13.
 - Program 25 federal Infant/Toddler. Cells B14 and E14.
 - Program 58 Special Programs. Cells B15 and E15.
 - Program 61 Head Start. Cells B16 and E15.
 - Program 81 Public Radio/Television. Cell B17 and E17.
 - Program 86 Community Schools. Cells B18 and E18.
 - Program 88 Child Care. Cells B19 and E19.
 - Program 89 Other Community Services. Cells B20 and E20.

The worksheet will auto calculate the adjusted elementary expenditures by subtracting the total from the above programs. Cell B22.

The F-196 Report is used as a tool to verify total expenditures. LEAs using the Statement of Revenues, Expenditures, and Changes in Fund Balance report **will** need to back out capital outlay and debt services expenditures. LEAs using the Resource to Program report **will not** need to back out capital outlay and debt services expenditures since these expenditures are not included in this report. The F-196 Report can be found [here](#).

- **Step 2:** The LEA must subtract from the adjusted expenditures those amounts spent for the specific, identified programs for SWDs. These are funds LEAs **spent**, not funds received in the preceding school year but carried over for the last school year from which fiscal information is available (previous year) school year.

Subtract the following federal expenditures for elementary/secondary:

- Program 23: ARP IDEA, Part B, Federal. Cells B24 and E24.

- Program 24 IDEA Part B. Cells B25 and E25.
- Program 29 Special Education, Other. Cells B26 and E26.
- Program 51 Title I Part A. Cells B27 and E27.
- Program 52 Other Title Grants. Cells B28 and E28.
- Program 53 ESEA Migrant. Cells B29 and E29.
- Program 64 Limited English Proficiency. Cells B30 and E30.
- Program 68 Indian Education. Cells B31 and E31.
- Program 76 Targeted Assistance. Cells B32 and E32.
- Program 78 Youth Training Programs. Cells B33 and E33.

Subtract the following state expenditures for elementary/secondary:

- Program 21 State & local funds for students with disabilities. Cells B34 and E34.
- Program 26 Special Education Institutions. Cells B35 and E35.
- Program 55 Learning Assistance Program. Cells B36 and E36.
- Program 65 Transitional Bilingual. Cells B37 and E37.

- **Step 3:** The LEA must enter the October enrollment of elementary/secondary students enrolled in the last school year from which fiscal information is available (previous year) school year, cells B41 and E41, including SWDs using grades K–12 found on OSPI's Apportionment website. Using Report 1251H (Summary of Head-Count Enrollment) adding in Running Start Only and Open Doors enrollments for secondary students.
 - Enter Special Education November Federal Child Count of elementary/secondary students with disabilities, cells B42 and E42, enrolled in the last school year from which fiscal information is available (previous year) using grades K–12 found in EDS. Special Education November Federal Child Count report can be found in Education Data System (**EDS**).
- **Step 4:** To determine the total minimum amount of funds the LEA must spend for the education of its elementary/secondary school SWDs (not including capital outlay and debt service), the LEA must multiply the number of elementary/secondary SWDs, using the last school year from which fiscal information is available (previous year). Special Education November Federal Child Count times the average annual expenditure per elementary/secondary student during the last school year from which fiscal information is available

(previous year). IDEA Part B funds may be used only for costs above this minimum. This step is automatically calculated within the worksheet.

Compliance Requirement (Compliance Tab)

An LEA meets the excess costs requirement if it has spent at least a minimum average amount for the education of its SWDs before it uses Federal IDEA Part B funds. For practical purposes, the LEA may spend Federal IDEA Part B funds at the same time it spends state, local, and other federal funds. However, the LEA must spend the minimum average amount per SWDs by the end of the school year to meet compliance.

Total Expenditures

The excess cost calculation must include *all* expenditures (not just those identified as instructional expenditures) from *all fund sources* (federal, state, and local sources) of the LEA to provide for the education of **all** students at the elementary and secondary levels.

- **Step 1:** Auto-populates
- **Step 2:** Auto-populates
- **Step 3:** Auto-populates
- **Step 4:** Auto-populate
- **Email completed, signed, dated Excess Cost Worksheets (Base **AND** Compliance tabs) to speced.fiscal@k12.wa.us**

Enrollment Data

For purposes of the excess cost calculation, the following data must be used:

- The LEA must enter the October enrollment of elementary students enrolled in the last school year from which information is available (previous year), including SWDs using grades K–12 found on [OSPI's Apportionment website](#). Using Report 1251H (Summary of Head-Count Enrollment) adding in Running Start Only and Open Doors enrollments for secondary students.
- Enter Special Education November Federal Child Count of elementary students with disabilities enrolled in the last school year from which information is available

(previous year) using grades K–12 found in EDS. Special Education November Federal Child Count report can be found in Education Data System (**EDS**).

How the LEA classifies grade levels as elementary and secondary should follow local policy and be consistent with other reporting to OSPI.

LEA expenditures for organization codes which cannot be attributed directly to a school level, such as general operations or district level director positions, must be allocated to elementary and secondary levels based on local written policies and procedures. For example, the LEA may consider a written policy to prorate expenditures for district level general operations based on the ratio of elementary students and secondary students.

Determining Compliance with the Excess Cost Worksheet

The LEA has met the excess cost requirement if the LEA has expended an amount of local, state, and federal funds (excluding capital outlay, debt and IDEA funds) that is equal to or greater than the total amount before expending Federal-IDEA Part B funds, for the education of SWDs at elementary and secondary levels. The documented expenditure amount is from all fund sources (excluding capital outlay and debt services) other than Federal-IDEA, Part B. The LEA must use Federal-IDEA, Part B funds only for the excess costs of educating students with disabilities above the minimum annual aggregate expenditure amount calculated in Step 4 on the Compliance tab of the worksheet.

LEAs provide assurances as part of the annual grant application process certifying they will meet the excess cost requirement. The excess cost worksheet determines the required amount of expenditures that must be submitted to OSPI annually in February. LEAs are not required to use audited data but must use auditable data to complete the excess cost worksheet and compliance check. The Worksheet is located on our website located under **Tools and Templates**. Tools and Templates can be found at the bottom of the page.

OSPI will review excess cost calculation aggregated data submitted every year. Excess cost calculation will be incorporated as a compliance indicator in the fiscal monitoring protocol and supporting documentation related to the calculation and will be reviewed as part of our targeted and intensive fiscal monitoring activities.

Are there any Exceptions to Meeting the Excess Cost Requirement?

Yes, there are two specific exceptions to excess cost requirement.

1. If OSPI provides direct services to SWDs to make FAPE available, it is generally treated as an LEA for this purpose. It may use Part B funds from its state set-aside or Part B payments that would otherwise have been available to an LEA, for the purpose of service to those students. However, unlike an LEA, OSPI need not comply with the excess cost requirement when expending those funds. **34 CFR 300.175** and **34 CFR 300.227(a)(2)(ii)**.
2. The excess cost requirement also does not apply if an LEA is using Part B funds to pay for all cost directly attributable to the education of SWDs from the ages of 3 through 5 or 18 through 21, if no local or state funds are available for students without disabilities in these age cohorts. **34 CFR 300.202(b)(1)(ii)**

Enforcement Options

OSPI has a general supervisory responsibility to ensure that LEAs are meeting the excess cost requirement. Grantees receiving Federal funds are required to comply with all statutes, regulations, and applications that implement program requirements. The grantees must maintain records related to that compliance. One of the program requirements under the IDEA is excess cost. Because excess cost is a requirement of Federal IDEA Part B, an LEA's failure to assure that it will meet the excess cost requirement could jeopardize its eligibility to receive a grant under the IDEA. OSPI will work with those LEAs to assist them in meeting excess cost requirements.

What if Excess Cost is not Met?

If an LEA does not meet its Excess Cost requirement, the LEA may be required to repay the U.S. Department of Education using nonfederal funds or funds for which accountability to the federal government is not required. OSPI will require the LEA to reimburse OSPI using state or local funds. **2 CFR 200.410** Collection of unallowable costs.

The portion of the cost considered to be unallowable that must be repaid is the difference between the minimum amount that must have been expended based on the excess cost calculation and the actual amount spent.

Questions? Email our **[Special Education Operations Division](#)**.