Welcome, this will be an overview of the excess cost requirements and the FY15 IDEA excess cost worksheet that was released to districts on October _____. The worksheets are available on the IDEA grants webpage, that web address is listed in the resources slide of this webinar.
The IDEA excess cost requirement is not new. For many years Illinois addressed that requirement through written assurances from districts and cooperatives. The federal Office of Special Education Programs (OSEP) has indicated that written assurances are not sufficient to meet the excess cost requirement. The IDEA grant team has developed a process for documenting and verifying the excess cost threshold for each district in Illinois.
Section 300.16 defines excess cost
OSEP tweaked the average per student expenditure referenced in 300.16 to create APPE, an acronym often found in OSEP guidance. We will also use the APPE acronym throughout this webinar.
Section 300.202 addresses local fiscal responsibilities for educating students with disabilities.
The IDEA grant funds are to supplement not supplant local funds.
Illinois still includes the assurances in the IDEA grant applications, but districts must also complete the excess cost worksheet to verify the threshold.
Excess Cost Formula

Appendix A to Part 300 includes a formula for calculating the IDEA excess cost threshold by:

– calculating for total expenditures,
– subtracting certain expenditures,
– computing for an average annual per pupil amount, and
– determining the minimum amount of local (state/local) funds that must be expended on special education and related services for students with disabilities.
We developed an excess cost using the Appendix A formula and Illinois data sources. The instructions and excel worksheet direct the user to the correct data sources needed to complete the worksheet.
This is just a snap shot of a portion of the worksheet, we will address each separate section throughout the webinar. We’ve added a total column and the AFR reference numbers change annually. The reference numbers seen here is for a test, and will be different for the first version released.
The federal regulations require districts to calculate separate excess cost threshold for the elementary and secondary student populations. This does create additional steps for K – 12 unit districts.
The excess cost worksheet and instructions uses the term PreK to encompass all students who have not yet entered kindergarten, such as children in early childhood special education programs, children in district run preK programs, speech only preschool students.
The 18 – 21 year olds should be counted as secondary students.

18 through 21 Year-Old-Students

Districts can use Part B funds to pay for ALL of the costs directly attributed to educating students with disabilities ages 18, 19, 20, or 21; if no local or State funds are available for nondisabled students of those ages (i.e. ALL costs for educating the students, including electricity, water, desks, materials, staff salaries/benefits, etc. are IDEA funded.). Districts are still held to nonsupplanting requirements. (34 CFR 300.202(b)(ii))
These are the data sources that are needed to complete the IDEA excess cost calculation. The staff person completing the excess cost worksheet will need access to and should be familiar with each of these data sources.

Data Sources

Annual Financial Report (AFR) - Each Illinois district must complete and submit an AFR to ISBE each year.

Financial Reimbursement Information System (FRIS) - FRIS is a financial inquiry portal maintained by ISBE.

Local financial records - maintained by the districts for local revenue and expenditures not reported to ISBE.

Fall Enrollment Count – count of all K – 12 district students

IDEA Child Count – count of K-12 students with disabilities
Districts will use the expenditures and student population from the previous fiscal year to determine the annual per pupil expenditure.
This chart illustrates the data sources required to complete the excess cost worksheet by fiscal year.

<table>
<thead>
<tr>
<th>IDEA Excess Cost Data Source</th>
<th>Applicable Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Financial Report (and Expenditure Detail Report for members of cooperatives)</td>
<td>Preceding fiscal year, i.e. use the FY14 AFR for the FY15 IDEA excess cost worksheet</td>
</tr>
<tr>
<td>FRIS (and Expenditure Detail Report for members of cooperatives)</td>
<td>Preceding fiscal year, i.e. use the FY14 FRIS data for the FY15 IDEA excess cost worksheet</td>
</tr>
<tr>
<td>Local Records</td>
<td>Preceding fiscal year, i.e. use the FY14 records for the FY15 IDEA excess cost worksheet</td>
</tr>
<tr>
<td>Fall Enrollment Count</td>
<td>Preceding fiscal year, i.e. use the October, 2013 count for the FY15 IDEA excess cost worksheet</td>
</tr>
<tr>
<td>Special Education Child Count</td>
<td>Current fiscal year, i.e. use the December, 2014 count for the FY15 IDEA excess cost worksheet</td>
</tr>
</tbody>
</table>
Each district must calculate its excess cost threshold. This includes all of the IDEA expenditures, even if those costs are expended through a special education cooperative.
The cooperatives will be responsible for completing the IDEA flow through expenditure detail report for each member district.

Expenditure Detail Report (cont.)

The IDEA excess cost calculation is based on the total federal IDEA allocation and must include each district’s IDEA expenditures. Districts that are members of special education cooperatives must use the IDEA Flow Through Expenditure Detail Report and enter that data in the IDEA Part B (Flow Through) in Sections A and D of the excess cost worksheet. The completed expenditure detail report must be submitted along with the final IDEA excess cost worksheet.
This is a sample of the IDEA Flow Through Expenditure Detail report form. When entered correctly, the total expenditures and carryover added together should equal the Federal IDEA allocation.
Section A - Total Expenditures
Section B – Cap. Outlay/Non-Cap. Equipment and Debt Service

Sections A & B of the IDEA excess cost worksheet direct district to specific lines of the AFR for the previous fiscal year.

*IDEA expenditures for member districts in special education cooperatives are not reflected in the AFRs.

The FY14 AFRs are due at ISBE by October, 2014. Districts must use the FY14 AFR data to complete Sections A & B of the FY15 IDEA excess cost worksheet.
Here is a sample of Section A of the excess cost worksheet. For this webinar we have highlighted the portion of Section A that will require AFR information provided by the special education cooperatives.

<table>
<thead>
<tr>
<th>A</th>
<th>Total Expenditures</th>
<th>Elementary (K-8)</th>
<th>Secondary (9-12)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(All Programs except Pre-K)</td>
<td>AFR line 111</td>
<td>$ 1.00</td>
<td>$ 7.00</td>
<td>$ 8.00</td>
</tr>
<tr>
<td>Educational Fund (10)</td>
<td>AFR line 111</td>
<td>$ 1.00</td>
<td>$ 7.00</td>
<td>$ 8.00</td>
</tr>
<tr>
<td>Operations &amp; Maintenance Fund (20)</td>
<td>AFR line 111</td>
<td>$ 6.00</td>
<td>$ 3.00</td>
<td>$ 9.00</td>
</tr>
<tr>
<td>Transportation Fund (40)</td>
<td>AFR line 111</td>
<td>$ 4.00</td>
<td>$ 2.00</td>
<td>$ 6.00</td>
</tr>
<tr>
<td>Municipal Retirement/SS Fund (50)</td>
<td>AFR line 111</td>
<td>$ 5.00</td>
<td>$ 2.00</td>
<td>$ 7.00</td>
</tr>
<tr>
<td>Capital Projects (60)</td>
<td>AFR line 111</td>
<td>$ 5.00</td>
<td>$ 10.00</td>
<td>$ 16.00</td>
</tr>
<tr>
<td>Tort Fund (80)</td>
<td>AFR line 111</td>
<td>$ 15.00</td>
<td>$ 15.00</td>
<td>$ 30.00</td>
</tr>
<tr>
<td>Total</td>
<td>AFR line 111</td>
<td>$ 37.00</td>
<td>$ 39.00</td>
<td>$ 76.00</td>
</tr>
</tbody>
</table>
This is the sample of Section B.

<table>
<thead>
<tr>
<th>Capital Outlay/Non-Capitalized Equipment &amp; Debt Service</th>
<th>Elementary (K-5)</th>
<th>Secondary (5-12)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational Fund (16)</td>
<td>$2.00</td>
<td>$2.00</td>
<td>$4.00</td>
</tr>
<tr>
<td>Operations &amp; Maintenance Fund (20)</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$2.00</td>
</tr>
<tr>
<td>Debt Service (30)</td>
<td>$3.00</td>
<td>$1.00</td>
<td>$4.00</td>
</tr>
<tr>
<td>Transportation Fund (40)</td>
<td>$2.00</td>
<td>$2.00</td>
<td>$4.00</td>
</tr>
<tr>
<td>Capital Projects (60)</td>
<td>$3.00</td>
<td>$1.00</td>
<td>$4.00</td>
</tr>
<tr>
<td>Tort Fund (80)</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$2.00</td>
</tr>
<tr>
<td>Total</td>
<td>$12.00</td>
<td>$8.00</td>
<td>$20.00</td>
</tr>
</tbody>
</table>
Section C – Total Expenditures Minus Capital Outlay/Non-Cap. Equipment and Debt Services

\((A - B = C)\)

When sections A and B are completed, the Excel excess cost worksheet will calculate section C – a new adjusted total with capital outlay and debt services subtracted.
This is a sample of section C.

<table>
<thead>
<tr>
<th>Total Expenditures</th>
<th>Elementary (K-5)</th>
<th>Secondary (6-12)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Outlay/Non-Capitalized Equipment &amp; Debt Service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted Total Expenditures</td>
<td>Total (A less B)</td>
<td>$ 25.00</td>
<td>$ 31.00</td>
</tr>
</tbody>
</table>
Section D separates the expenditures by federal, state, and local.

Because FRIS does not fully capture the IDEA expenditures for districts that are a part of cooperatives, the districts must use the information provided by the cooperative in the IDEA expenditure detail report to include the IDEA expenditures.
Expenditure Detail Report – again for this webinar we have high-lighted the specific item that applies to member districts of special education cooperatives. The Expenditure Detail Report does not apply to stand-alone districts that are not a part of a special education cooperative.
Sample of the state portion of section D of the excess cost worksheet. It is possible that a district will not have state funds for all of these expenditures. In such cases, the district will enter a zero for that specific line of the excess cost worksheet.
Sample of the local portion of section D of the excess cost worksheet and the total for section D. Again it is possible that a district will not have used local funds for all of these expenditures and would enter a zero for the in the specific lines of the worksheet.

<table>
<thead>
<tr>
<th>Description</th>
<th>Elementary (K-8)</th>
<th>Secondary (9-12)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Facility Tuition</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$2.00</td>
</tr>
<tr>
<td>Orphanage</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$2.00</td>
</tr>
<tr>
<td>Funding for Children Requiring Sp. Ed.</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$2.00</td>
</tr>
<tr>
<td>Summer School</td>
<td>$2.00</td>
<td>$1.00</td>
<td>$3.00</td>
</tr>
<tr>
<td>Personnel Salaries &amp; Benefits</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$2.00</td>
</tr>
<tr>
<td>ESEA - Title III (Bilingual Education TPI / TBE)</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$2.00</td>
</tr>
<tr>
<td>ESEA - Title I (if N/A, enter 30)</td>
<td>$-</td>
<td>$1.00</td>
<td>$1.00</td>
</tr>
<tr>
<td>Transportation (Special Education)</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$2.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$24.00</strong></td>
<td><strong>$26.00</strong></td>
<td><strong>$50.00</strong></td>
</tr>
</tbody>
</table>
Once sections C and D are completed, the excel worksheet will complete the calculation for those sections.
Sample of the completed Section E when special education and title expenses are subtracted from the total expenditures.
Final Calculations for Excess Cost (FY15)

FY14 expenses divided by FY14 student enrollment (Oct. 2013 Fall Enrollment) = APPE

APPE multiplied by December 2014 IDEA Child Count (FY15) = Excess Cost Threshold
(FY15 local funds to be expended for special education)

Student population counts are entered for the APPE calculation and final excess cost threshold. The excess cost worksheet and instructions will direct districts to the correct student count data from the applicable fiscal year.
When all expenditure data is entered, the district will enter the previous year’s Fall Enrollment (total K – 12 population) for the APPE.
Sample of Section F.

<table>
<thead>
<tr>
<th></th>
<th>Elementary (K-5)</th>
<th>Secondary (6-12)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Per Pupil Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of Students Enrolled (Fall Enrollment Count 9/15/13 Less Pre-K)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 4</td>
<td>$ 5</td>
<td>$ 9</td>
</tr>
<tr>
<td>Total (line 87 / line 91)</td>
<td>$ 0.55</td>
<td>$ 1.00</td>
<td>$ 0.87</td>
</tr>
</tbody>
</table>
The final step is entering the IDEA child count from the current fiscal year. This will be the December 1 child count data. Once that number is entered, the worksheet will calculate the excess cost threshold.
We have high-lighted the excess cost threshold.
Excess Cost Threshold Calculated

When Section G is completed the district will have the excess cost threshold for the current fiscal year, i.e. the amount of local (state/local) funds that must be expended for educating students with disabilities during this fiscal year.
All worksheets must be emailed to ISBE no later than January 30.
Questions and Answers
Question 1.
How do elementary and secondary school districts complete the IDEA excess cost worksheet?
Elementary districts will follow the guidance provided for excluding pre-K and including any 5-year-old kindergartners. Secondary districts will follow the guidance on including the 18-21 population, unless funded 100% with IDEA funds.
Question 2.
Are unit districts, which include grades K – 12, required to complete separate excess cost calculations for elementary and secondary?
Answer 2.
Yes. The federal regulations and all guidance from OSEP require separate calculations for elementary and secondary expenditures. The guidance provided is that secondary level programs include vocational programs and sports/band which do not apply to elementary schools. The costs of the separate programs are generally not comparable and therefore, the costs must be computed separately.
(2008 OSEP letter to Plagata-Neubuer)

The letter to Ms. Plagata-Neubuer is available on the OSEP website. That address is provided in the resources page of this webinar.
Question 3.
How do unit districts, which include grades K-12, separate elementary and secondary funds and expenditures? Can a district just divide all expenses by the number of students to determine the APPE, e.g. a proportional basis?
We are aware that the AFR and FRIS do not separate costs by elementary and secondary. The federal regulations require the costs to be separated, regardless of how that information is collected at the state and local level. Districts will need to reference local financial records for making that determination. Nothing would prohibit a district from establishing procedures to track expenditures separately by elementary and secondary.

Answer 3.
OSEP has indicated that a district with both elementary and secondary students cannot determine the APPE on a proportional basis, the elementary and secondary costs must be calculated separately.
(2008 OSEP letter to Plagata-Neubuer)
Question 4.
What if some costs can’t be separated by elementary and secondary, e.g. a district-wide internet contract?
Answer 4.
In cases where funds are expended for both elementary and secondary with no “distinct and separate” cost associated to either elementary or secondary, the district can pro-rate those specific expenses as part of the excess cost calculation.

(OSEP 2009 letter to Kennedy)

*When pro-rating any costs, the districts shall keep record of the procedure/method used to determine the proration.*

It is always good practice to have policies/procedures in place, make the policies/procedures know to staff, and follow the policies/procedures. The letter to Mr. Kennedy is also available on the OSEP webpage. The webpage address is included in the resources slide of this webinar.
Answer 4 Examples

We have provided a few examples for this webinar with additional examples in the IDEA excess cost worksheet instructions.

- Expenses/debt for construction to a secondary building – separate costs, district cannot pro-rate
- Expenses/debt for construction to a K – 12 building – for construction to areas used by both elementary and secondary, the district can pro-rate
- Salary/benefits for a director of special education (serving entire district) – district can pro-rate
- Salary/benefits an elementary only administrator – separate costs, district cannot pro-rate
- Salary/benefits for a speech and language supervisor (serving entire district) – district can pro-rate based on percent of time spent in both capacities
Question 5.
What if a district does not meet the excess cost threshold?
Answer 5.
In the event that a district does not meet the excess cost threshold, i.e. uses IDEA funds in a fiscal year, but does not expend the full amount (excess cost determined) of local funds for special education and related services, that district would be subject to repayment. In such cases the district would repay the short-fall to the federal government using local funds.
The January timeline allows districts to adjust spending to ensure that the excess cost threshold is met.

Answer 5. (continued)

It should be noted that upon completing the excess cost worksheet, a district will have the excess cost threshold for that fiscal year (By the end of January, at the latest, the district will know the minimum amount of local (state/local) funds that must be expended during that fiscal year).

An excess cost shortfall would mean that the district calculated the excess cost, but then for some reason did not expend that minimum amount of local (state/local) funds.
Question 6.
Who is responsible for completing the IDEA excess cost worksheet?
Completion of the excess cost worksheet will require coordination between gen ed and special ed staff and between cooperatives and member districts.

Answer 6.
Each district is responsible for completing and submitting an IDEA excess cost worksheet by the end of January for each fiscal year, beginning with this fiscal year (FY15). The staff member(s) responsible for that task will vary by district.

Individuals completing the excess cost worksheet **MUST** have access to the district’s AFR & district financial records and should be familiar with those fiscal records and FRIS.
Question 7.
Do special education cooperatives have any responsibility in completing the IDEA excess cost worksheet?
Each member district must include all IDEA expenditures in the excess cost worksheet, including costs paid to and through the special education cooperative. The cooperatives will need to complete provide the IDEA expenditures that are not included in the district AFRs and FRIS on the Expenditure Detail Report.
Question 8.
Can a district use estimates to complete the IDEA excess cost worksheet?
For some districts one student can make a difference in the excess cost calculation, so estimates are not recommended.
Question 9.
Why does the excess cost worksheet require previous year financial data & fall enrollment count, but current year IDEA child count data?
Answer 9.

The purpose of the excess cost calculation is to identify the excess cost threshold for the current fiscal year. In order to do this a district must first calculate the average per pupil expenditure (APPE) from the previous year’s data and then multiply the current year’s IDEA child count to the APPE to determine excess cost for the current fiscal year.

FY14 expenditures ÷ FY14 students = APPE

APPE x FY15 IDEA child count = FY15 Excess Cost Threshold
Question 10.
Does this new worksheet mean that districts can’t spend any IDEA funds until the excess cost threshold has been established and the worksheet submitted to ISBE?
Answer 10.
No. While the IDEA funds are for the excess cost of special education and related services, use of those funds should **NOT** be delayed on the sole basis of completion of the excess cost worksheet.

Within the fiscal year, each district must demonstrate that the use of IDEA funds is for the excess cost of special education, however, that can be a concurrent process, rather than a prerequisite process for accessing IDEA funds.
Question 11.
Should districts include the IDEA preschool funds in the excess cost calculation?
Exclude all Pre-K and include costs for kindergartners. While the excess cost calculation excludes preschool students (including 5-year-old preschoolers), the 5-year-old kindergartners are included in student child counts (fall enrollment and IDEA child count). The portion of the IDEA preschool funds used for the special education costs of 5-year-old kindergartners must also be included in the IDEA excess cost calculation.
<table>
<thead>
<tr>
<th>Population</th>
<th>IDEA Excess Cost Calculation</th>
</tr>
</thead>
</table>
| Students enrolled in early childhood special education programs           | Do not include in total student count  
Do not include in IDEA student count  
Do not include expenditures                                                                                                                                  |
| Preschool age students who receive speech and language services, but are not enrolled in an early childhood special education program | Do not include in total student count  
Do not include in IDEA student count  
Do not include expenditures                                                                                                                                  |
| Students enrolled in district PreK programs                              | Do not include in total student count  
Do not include expenditures                                                                                                                                  |
| General education kindergartners                                         | Include in total student count  
Include costs as elementary expenditures                                                                                                                    |
| Kindergartners with disabilities                                         | Include in IDEA student count  
(The IDEA child count places students who are 5-years-old on December 1, in the IDEA preschool count. For excess cost purposes, include those students in the special education count.)  
Include costs as elementary expenditures, including any costs for 5-year-old kindergartners that were paid with IDEA preschool funds |
Question 12.
When a district is a member of a special education cooperative, what is the basis for the IDEA flow through expenditures – the federal IDEA allocation OR the district’s allotment in the IDEA grant application?
The federal allocations are district specific. IDEA expenditures paid to and through the special education cooperative are still district expenditures. The districts and cooperatives must be able to track the funds by district from allocations to expenditures.
Question 13.
Are nonpublic and home-schooled students included in the excess cost calculation?
Answer 13.
Districts must include the K-12 students with disabilities who receive services through individualized service plans (ISPs) in the excess cost calculation.
Those students are a part of the IDEA child count and all IDEA expenditures and any local funds used to provide special education and related services should be included in the excess cost calculation.

Districts would not count any non public students that do not have an ISP.
This concludes our IDEA excess cost webinar. We hope this information has been helpful in explaining the new process for excess cost verification. The webinar should be posted on the IDEA grant website, within the next week. Please contact your IDEA grant coordinator by email or telephone at 217/782-5589 with any questions.