

Basics of Special Education Funding in Wisconsin

WASBO
December 2021



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

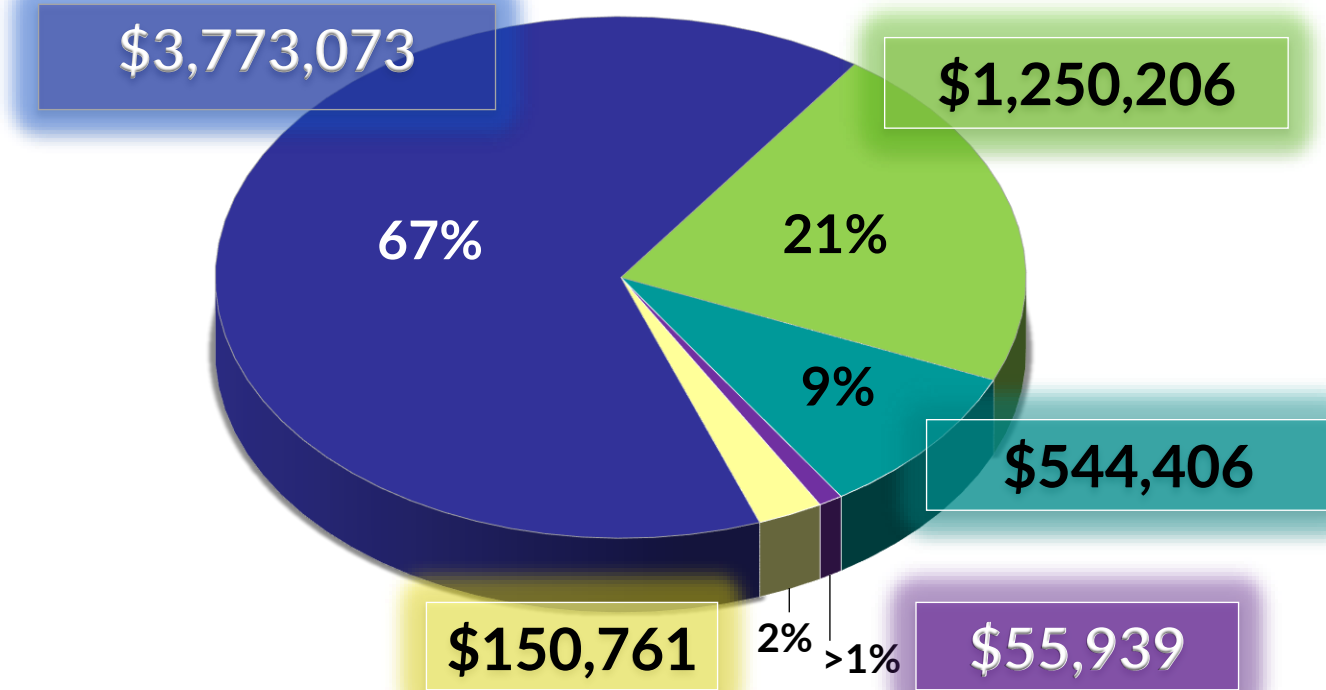
Costs that will be paid
for by the IDEA grants

Funding source break down for an LEA with a total student population of 3,420

With 409 IEPs, this LEA's special education costs for FY 2019-2020 totaled \$5,774,385

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):

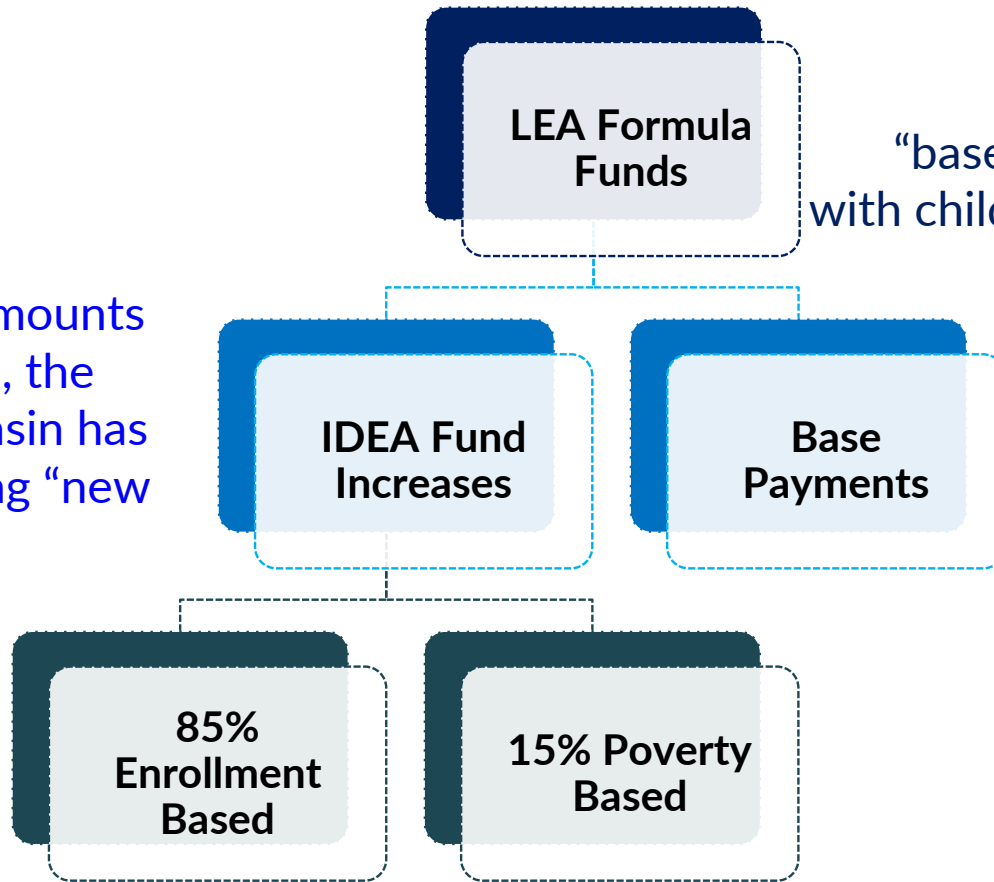
- School districts
- Independent charter schools
- Department of Corrections
- Department of Health Services

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.”

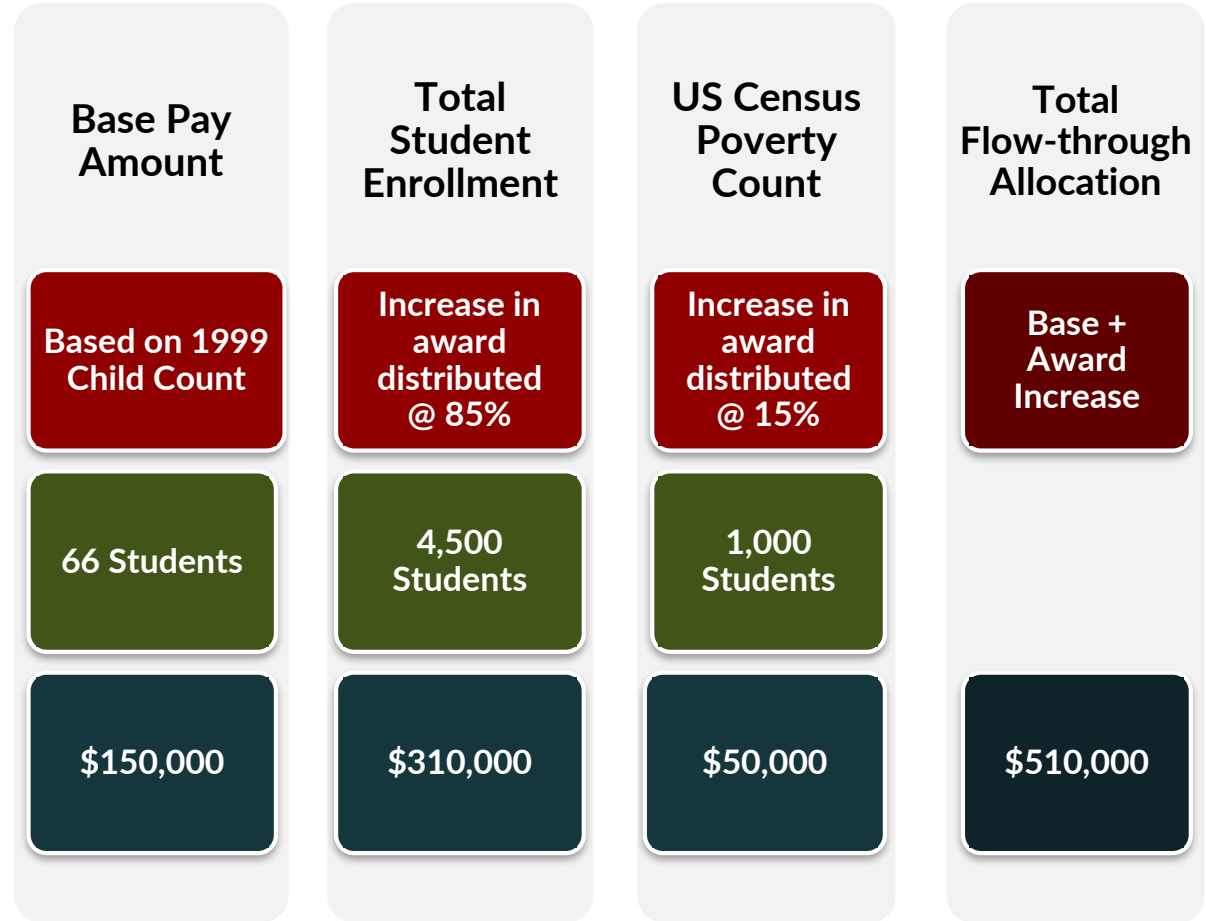


Base Payments
Each LEA generates a “base amount” established with child count data reported in the late 1990s.

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.



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:

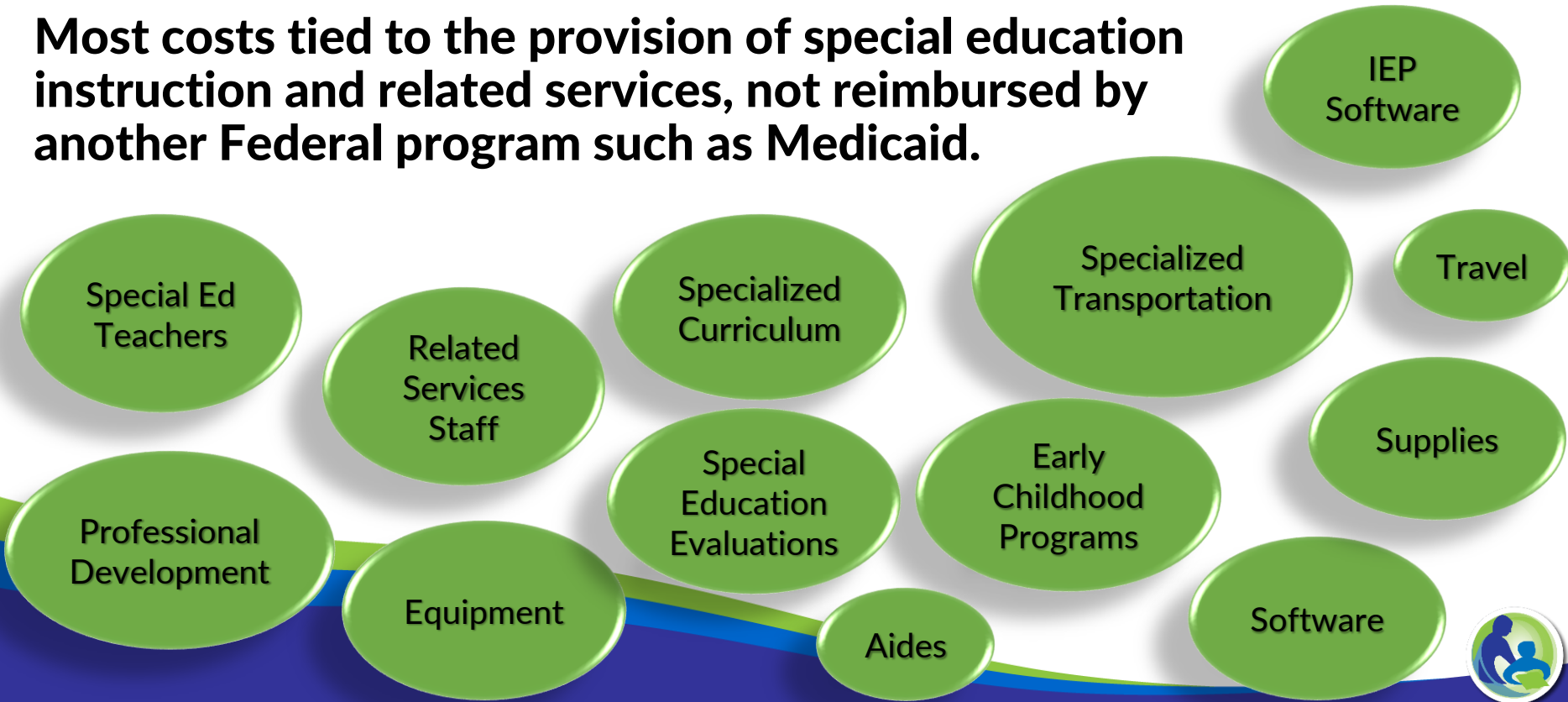
- ❖ Funding Availability
- ❖ Carryover

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
	ADAPTIVE EDUCATION - Physical Education, Music, or Art: Salary and benefits of staff employed by an LEA, CESA or CCDEB.	<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> Adaptive education provided by a private contractor (object 370) is not eligible for IDEA or state special education categorical aid.</p>
	ADVERTISING: Costs associated with advertising in media such as newspapers, radio and television, direct mail, or electronic.	<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 the IDEA grant.</p> <p>WISEgrants Budget Location: Advertising for Child Find activities <i>Budget Section:</i> Purchased Services <i>Type of Purchase:</i> Communication <i>Purchase Detail:</i> Child Find Activities (Object 350)</p> <p>Advertising for staff recruitment <i>Budget Section:</i> Purchased Services <i>Type of Purchase:</i> Communication <i>Purchase Detail:</i> Advertising (Object 351)</p>
	AIDES: Salary and benefits of staff employed by an LEA, CESA or CCDEB as well as private vendor contracted staff.	<p>Individuals acting as special education aides must have, at a minimum, a DPI license ‘0070’ (Special Education Program Aide). However, a Special Education Program Aide license is not required if the individual holds <u>any</u> other valid DPI license. The special education aide licensure rule applies to LEA employees and contracted individuals, even if short-term or subbing.</p> <p>Click on the link for the list of allowed private vendor personnel contract costs eligible for IDEA or state special education categorical aid.</p> <p>WISEgrants: Click on the link for the location of all items related to special education aides within the IDEA budgets.</p>

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

American Rescue Plan Act

American Rescue Plan Act, July 2021

- Included funds to support students with disabilities through the Office of Special Education Programs (OSEP) under the US Department of Education.
- Supplemental to the IDEA Flow-through and Preschool formula funds.
- One-time supplemental award on July 1, 2021 and available through September 30, 2023.

American Rescue Plan Act

Expending and Coding for ARPA-IDEA Funding

- All expenses allowed under regular IDEA flow-through and preschool are allowed under the ARPA-supplemental funding.
- The supplemental amount is used in all IDEA formula calculations – proportionate share for equitable services, voluntary CEIS, mandatory CCEIS, and Title I Schoolwide Set-Aside.
- LEAs should code all grant-funded expenses in FY 2021-2022 and FY 2022-2023 to either project 341 (preschool) or project 347 (flow-through).

American Rescue Plan Act

ARPA-IDEA Funding Structure

- These funds are from a different federal funding source, so DPI must track and report them separately from regular IDEA funding.
- With each claim, DPI will continue to draw down the LEA's oldest line of IDEA formula credit first (FY 2020-2021), then IDEA-ARPA supplement, then FY 2021-2022 regular IDEA formula.
- Payments will show up in the Aids Register as Project 341/344 or 347/346. The aggregate of payments should match the LEA's project 341 or 347 expenditures.

American Rescue Plan Act

ARPA-IDEA Funding – Additional Assistance

- Beginning in January, a report will be available in WISEgrants which will assist the LEA in following the drawdown of IDEA formula and IDEA-ARPA funds as reported through WISEgrants and DPI's Aids Register.

Link: [ARPA-IDEA Funding / Coding Procedures for Local Education Agencies](#) (includes information on Single Audit requirements)

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>



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%)

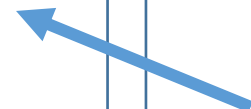
No IDEA funds may be claimed for this individual. The remaining \$74,000 is covered by local funds.

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.

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

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>

