

IDEA, PART B EXCESS COSTS GUIDANCE HANDBOOK

Introduction

Local educational agencies (LEAs) must follow certain requirements when accepting federal funds. One of the federal requirements under the Individuals with Disabilities Education Act, Part B (IDEA, Part B) is the concept of excess costs. This handbook explains the concept of excess costs and gives instructions on how to calculate it.

Purpose

Title 34 of the Code of Federal Regulations (34 CFR §300.202) explains the excess costs requirement. If your LEA receives a federal grant awarded under IDEA-B, you must spend those funds only on the excess costs of providing special education and related services to eligible students. LEAs may not use IDEA-B funds to pay all the costs of educating students with disabilities. Excess costs are those costs over and above what the LEA spends on average for students enrolled at the elementary or secondary level, including students with disabilities.

Again, the purpose of the excess costs rule is to prevent an LEA from using IDEA, Part B funds to pay for all costs to educate a student with a disability. Federal funds (IDEA, Part B) must be used to supplement state and local and other federal funds and not to supplant them (34 CFR 300.202(a)(3)).

Definition of Excess Costs

Excess costs are the extra costs paid from IDEA-B funds to meet the needs of educating students with disabilities. To determine excess costs, LEAs must calculate the annual average expenditures for the education of elementary and secondary students. This will provide you with the total expenditure amount, at minimum, to spend on students with disabilities before using IDEA, Part B funds for excess costs. Statute requires the LEA to compute the excess costs calculation separately for elementary and secondary levels.

Compliance Requirement

An LEA meets the excess costs requirement if it has spent at least a minimum average amount for the education of its students with disabilities before it uses IDEA, Part B funds. For practical purposes, the LEA may spend 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 student by the end of the fiscal year to meet compliance.

Enrollment Data

For purposes of the excess costs calculation, use the Basic Educational Data System (BEDS) October Snapshot data to obtain the following:

- Previous year enrollment data for all students in elementary and secondary levels
- Current year enrollment data for students with disabilities in elementary or secondary levels

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

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.

Excess Costs Calculation Steps

Below is an illustration of the basic steps on how to perform excess cost calculation for elementary and secondary levels.

Using previous year expenditure data:

1. Determine total expenditures from all sources: local, state, and federal (including IDEA-Part B, Title I, and any other federal funds expended by the LEA). Exclude capital outlay and debt services.

Previous Year School Expenditures	Elementary	Secondary
State and local tax funds	\$7,000,000	\$7,500,000
Federal Funds (including IDEA, Part B)	\$500,000	\$1,000,000
Total expenditures from all sources (previous year)	\$7,500,000	\$8,500,000
<ul style="list-style-type: none"> • Exclude Capital Outlay 	(\$100,000)	(\$150,000)
<ul style="list-style-type: none"> • Exclude Debt Services 	(\$50,000)	(\$100,000)
Total adjusted expenditures (previous year)	\$7,350,000	\$8,250,000

2. From the amount determined in Step 1, subtract the previous year expenditures identified below. These are the funds actually spent, not funds received and carried over to the subsequent year.

Previous Year School Expenditures	Elementary	Secondary
<ul style="list-style-type: none"> • IDEA, Part B 	(\$300,000)	(\$350,000)
<ul style="list-style-type: none"> • Elementary and Secondary Education Act (ESEA) Title I, Part A 	(\$300,000)	(\$400,000)
<ul style="list-style-type: none"> • Elementary and Secondary Education Act (ESEA) Title III, Part A 	(\$100,000)	(100,000)
<ul style="list-style-type: none"> • State and local funds for students with disabilities 	(\$500,000)	(\$400,000)
<ul style="list-style-type: none"> • State and local funds for programs under ESEA, Title I, Part A, and ESEA Title III, Part A 	(\$100,000)	(\$50,000)
Final adjusted expenditures (previous year)	\$6,050,000	\$6,950,000

3. Divide the final adjusted expenditures calculated in Step 2 by the previous year number of enrolled students (including students with disabilities) from BEDS October snapshot. This yields the previous year annual average per pupil expenditure (APPE).

Previous Year APPE	Elementary	Secondary
Final adjusted expenditures (previous year)	\$6,050,000	\$6,950,000
Number of students enrolled, including students with disabilities (previous year BEDS October snapshot).	÷ 605	÷ 500
APPE (previous year)	\$10,000	\$13,900

Obtain the student enrollment for all elementary and secondary from the previous year BEDS October snapshot date. The LEA may round (up or down) without cents after dividing by the number of students.

Finally, using the previous year APPE and the current number of students with disabilities:

- Multiply the previous year APPE calculated in Step 3 by the current number of students with disabilities. The current year is the school year to which the excess costs apply. The amount calculated in Step 4 is the total aggregate amount of non-IDEA, Part B funds, at minimum, an LEA must spend on the education of students with disabilities. IDEA, Part B funds are only for the excess costs above this minimum amount.

Current Year Amount	Elementary	Secondary
APPE (previous year)	\$10,000	\$13,900
Number of students with disabilities (current year BEDS October snapshot).	X 75	X 100
Minimum annual aggregate expenditure to be spent on the education of students with disabilities	\$750,000	\$1,390,000

In this example, the LEA must document and spend \$750,000 for elementary and \$1,390,000 for secondary levels for the education of students with disabilities. The documented expenditure amount is from all fund sources (excluding capital outlay and debt services) other than IDEA, Part B. The LEA must use 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.