

Special Education Funds

OFFICE FOR EXCEPTIONAL CHILDREN
RESOURCE MANAGEMENT SECTION

IDEA PART B USE OF FUNDS GUIDANCE

Ohio | Department of Education

Principles:

The federal grant awarded under the Individuals with Disabilities Education Act, Part B (IDEA-B) are funds which must be used to pay the excess costs of providing special education and related services to children with disabilities. Excess costs are defined as those costs that are over and above the average annual per-student expenditures in a local educational agency (LEA) during the preceding school year for an elementary school or secondary school student.

Section §602 (8) and Section §300.16 of the Act, requires an LEA to compute the excess costs of the average annual per-student expenditures in an LEA during the preceding year for an elementary school or secondary school student, as appropriate. LEAs ***may not*** compute the minimum average amount it must spend on the education of children with disabilities based on a combination of the enrollments in its elementary and secondary schools. In the event that an expense cannot be separated by elementary and secondary school, the LEA can prorate those expenses.

To demonstrate the differentiated reporting of excess costs, between elementary school (K-6) and secondary school (7-12) students, examples are given for the reporting of state and local special education expenditures where the expenditures are not attributable to one cost area.

- Coding for disability – in either the elementary (grades K-6) or secondary (grades 7-12) schools, if there are children in the classroom with varied disability conditions, then the teacher's salary code should reflect the disability condition of the majority of the children in the classroom.

- Coding for grade level – if there are children with varied disability conditions in the classroom and the classroom spans both the elementary and grade levels mentioned above, (e.g., grades 6-8), then the teacher's salary code should be prorated to reflect the grade level for the majority of the children in the classroom.

The preferred coding system for the differentiated reporting of excess costs between elementary and secondary school students is the Uniform School Accounting System (USAS). The Ohio Department of Education, in conjunction with the State Auditor's office, updated certain special education instruction-related USAS function codes to meet the excess costs calculation regulations mentioned above. These USAS Code changes went into effect in the spring of 2013. An electronic copy of the USAS Code Manual can be accessed by visiting the State Auditor's website.

In addition to the excess costs regulations, LEAs are required to comply with all current IDEA Part B statutory and regulatory requirements, and the applicable requirements in the General Education Provisions Act (GEPA) and the Education Department General Administrative Regulations (EDGAR). Current versions of the Electronic Code of Federal Regulations can be accessed by visiting the eCFR-website.

Allowable Expenditures

The following information will assist LEAs as they decide on how to use their IDEA Part B funds, both school-aged and Early Childhood Special Education (ECSE), while focusing on one or more of the listed priorities.

Category	Allowable Expenditures	Unallowable Expenditures
Instruction USAS Function Codes: 123X, 124X, 1280, 1290, 133X, 1350, 3260	Employment of Special Education instructional and related services staff, (K-12 and preschool) and Early Intervention instruction and benefits to supplement the local special education program of services. Costs associated with pay raise/increase in excess of local and/or state funds currently being used to pay salaries and fringe benefits for special education or other eligible staff. Appropriate instructional supplies and materials designed to increase student achievement and outcomes while increasing access to, and progress in the general curriculum, which can be an asset for both teaching and learning. Substitute personnel cost for district personnel, including those who are participating in special education team meetings such as Individualized Education Program (IEP) meetings or Evaluation Team Report (ETR) meetings, professional development and/or collaborative planning related directly to the provision of special education and related services. Costs for evaluations of students suspected of having a disability, and/or already identified as a student with disabilities that require said evaluation. Payment of excess costs for preschool and school-aged children with disabilities when direct services are being provided by a district other than the district of residence.	Compensation to staff not employed or contracted as a Special Education Intervention Specialist or aide/paraprofessional or Special Education administrative/supervisory staff, unless the IDEA Part B funds are being used for Coordinated Early Intervening Services – see below.
Promising Practices USAS Function Codes: 123X, 124X, 1280, 1290, 133X, 1350	Costs associated with implementation of scientifically-based research practices, strategies, methods and/or programs designed that respond to a specific educational need identified by the district. Instructional materials, hardware and software, related professional development activities, computers and peripherals necessary to support implementation could be included.	

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Support Services USAS Function Codes: 214X, 215X, 218X, 2122	Related service personnel salary and fringe benefits. Costs of salaries and fringe benefits in excess of state or local monies provided for special education teacher aide(s), related service provider(s) and teacher aide substitutes serving children with disabilities. Guidance counselor salary and benefits when providing only educational and behavioral services and supports to students with a disability.	Cost of a physician, school nurse or other medical personnel serving the health needs of all children within the district.
Coordinated Early Intervening Services USAS Function Codes: 1190, 1910-30, 2120, 2122, 2142-43, 2149, 2172-73, 2175-76, 2179, 2212-13, 2219, 2414-15, 2122	A Local Educational Agency (LEA) may elect or be mandated due to significant disproportionality* to use **up to 15 percent of its total IDEA Part B allocation** to implement Coordinated Early Intervening Services (CEIS) to provide early intervening services for those students not yet identified as needing special education or related services, but who may need additional academic and behavioral supports to meet grade level indicators. More specifically, these services should be targeted to K-12 (with a focus on K-3) students. LEA activities may include: • Professional development to enable teachers and school staff to deliver scientifically-based academic instruction and behavioral interventions; • Scientifically-based literacy instruction; • Instruction in the use of adaptive and instructional software; • Provision of educational and behavioral evaluations, services and supports. Coordinated services are to be aligned with the Elementary and Secondary Education Act (ESEA). Guidance counselor salary and benefits when providing only educational and behavioral services and supports as part of Coordinated Early Intervening Services. **Note: Please see the CEIS section in this document for fiscal caution.*	
Staff/Parent Visits USAS Function Codes: 2212-13, 2219	Staff/parent visits to exemplary programs or schools that have adopted effective scientifically-based programs and/or strategies.	

Category	Allowable Expenditures	Unallowable Expenditures
Services to Children with Disabilities, Ages 3-5 USAS Function Code: 1280	Costs attributable with securing state licensure for operating a preschool classroom. Costs for services that supplement and increase special education services provided to preschool children with disabilities, ages 3-5. IDEA Part B funds may be used to pay costs for children ages 3-21; however, Early Childhood Special Education (ECSE) funds may be used only for children with disabilities ages 3-5. Costs for expanding the availability and range of inclusive placement options for preschoolers with disabilities by increasing the capacity of public and private preschool programs through activities such as professional development and technical assistance.	
Governance/ Administration USAS Function Codes: 2110, 2121, 2141, 2151, 2171, 2211, 2414-17, 25XX, 2821	Indirect cost rates within the rates approved by ODE Office of Federal and State Grants Management. Costs incurred for an impartial due process hearing. Costs for special education administrator, director or coordinator, including preschool; provided: 1. Activities are directly attributable to the delivery of special education and related services to children with disabilities; and, 2. Person holds a supervisory or administrative certificate/license issued by ODE. Mileage for district personnel to travel to and from IEP/ETR meetings, conferences and related services. Costs incurred by the Treasurer's Office and costs associated with the administration of IDEA Part B funds.	Flat percentage of the total budget for "administrative" costs without approval through Grants Management. Legal fees, costs and expenses paid to private legal counsel of either the district or the parents of a student with a disabilities.
Administrative Technology USAS Function Codes: 2416, 2417 USAS Object Codes: 5XX, 6XX	Costs for technology to assist in certain administrative tasks. IDEA 2004 provides specific language supporting the use of technology in managing the special education process. Useful technology should be a tool available to classroom teachers, paraprofessionals, related services providers and administrators to collect and use data to improve teaching and learning.	

Category	Allowable Expenditures	Unallowable Expenditures
Professional Development (PD) USAS Function Codes: 2212-13	High quality, scientifically research based district-wide PD activities designed and implemented in cooperation with regional providers that are designed to assist districts/buildings in implementing systems of support for addressing the academic (reading, math, writing, science) and behavioral needs of children with disabilities and children at-risk of being identified as disabled. High quality PD activities focusing on the unique needs of students with autism. Note: For preschool education, expenditures may include staff attendance at the early childhood conference co-sponsored by the Ohio Department of Education (ODE) and the Ohio Association for the Education of Young Children (OAEYC).	District-wide PD not specifically directed at meeting the identified academic or developmental needs of students with disability or for CEIS activities.
Family and Community Engagement USAS Function Codes: 2171-73, 2175-76, 2179	Activities designed to increase the meaningful involvement of families in the educational process by improving cooperation and communication between schools and the parents of children with disabilities (e.g., costs of employing a Parent Mentor, dissemination of information and resources.	
Safety USAS Function Codes: 5200, 5400, 5600	Costs attributable to creating a safe learning environment to assure a Free Appropriate Public Education (FAPE) for special education students and for persons involved in a given educational experience. School – capital improvements to make a building(s) compliant with the Americans with Disabilities Act (ADA).	General expenditures that will generally benefit all students in a building/district.

Category	Allowable Expenditures	Unallowable Expenditures
Facilities USAS Function Codes: 5200, 5400, 5600	Costs attributable for keeping the physical plant open for use, keeping the grounds and building in effective working condition and cleaning and maintenance which are clearly and directly related to the provision of services to children with disabilities. Costs of construction and/or alterations of facility if said activities would improve the program. LEAs ***must*** obtain prior approval from ODE Office for Exceptional Children or Office of Early Learning and School Readiness through the completion of the ***Request for Use of Part B-IDEA Funds for Construction.*** Any construction or alteration of facilities must comply with ADA regulations or Uniform Federal Accessibility Standards. Additionally, projects must use only American made iron, steel and manufactured goods. The purchase/installation of security/surveillance systems is not a construction expenditure. Districts should budget the cost as capital outlay/safety and identify the item(s) as equipment. The district should show the item in the Continuous Comprehensive Improvement Plan (CCIP) in both the planning tool and enter it as a comment in the History Log. *Note: See equipment below.*	General expenditures that will generally benefit all students in a building/district.
Transportation USAS Function Codes: 2821	Purchase of a vehicle specifically for the transportation of a student(s) with a disability; the cost of equipment to make a vehicle ADA compliant (e.g., wheelchair lift, handrails, seatbelts or restraints). The district should budget the item(s) in the Continuous Comprehensive Improvement Plan (CCIP) under capital outlay/transportation. The district should show the item in the CCIP in both the planning tool and enter it as a comment in the History Log. Transportation costs for students with a disability.	Purchase/use of a regular or handicapped equipped vehicle to transport general education students. Mileage for out-of-state student field trips.
Nonpublic School Service USAS Function Codes: 3260	Costs related to providing products, tools, and services to children with disabilities attending nonpublic schools. *Note: See the section on parentally placed private school students.*	

Category	Allowable Expenditures	Unallowable Expenditures
Equipment USAS Function Codes: 123X, 1280, 1290, 133X, 1350, 3260 USAS Object Codes: 5XX	Equipment necessary for the delivery of special education and related services to children with disabilities. Equipment is (a) machinery, utilities, and built-in equipment, and any necessary enclosures or structures to house the machinery, utilities, or equipment; and (b) all other items necessary for the functioning of a particular facility as a facility for the provision of educational services, including items such as instructional equipment and necessary furniture; telecommunications, sensory, and other technological aids and devices; and books, periodicals, documents, and other related materials.	Mobile/Modular Units may not be purchased with Part B funds.
Instructional Supplies and Materials USAS Function Codes: 1190, 1910-30, 2120, 2122, 2142-43, 2149, 2172-73, 2175-76, 2179, 2212-13, 2219, 2414-15 USAS Object Codes: 5XX	Appropriate instructional supplies and materials designed to increase achievement and outcome of students with disabilities while increasing access to and progress in the general curriculum. Appropriate instructional supplies and materials for the purpose of early intervening services for students who need additional academic and behavioral supports to succeed in a general education environment. Funds may be used for providing educational and behavioral evaluations, services and supports, including scientifically-based literacy instruction.	CEIS funds may not be used for universal assessment for all students in a district. CEIS funds may not be used to supplant other funds used for intervention programs, services and costs provided in a prior year.
Assistive Technology USAS Function Codes: 123X, 124X, 1280, 1290, 133X, 1350, 3260 USAS Object Codes: 5XX	State-of-the-art assistive technology, alternative and augmentative communication devices and software to enhance access to the general education curriculum. Training costs associated with assistive technology.	
Transition USAS Function Codes: 123X, 124X, 1280, 1290, 133X, 1350, 218X, 3260	Salary and benefits for personnel to assist students with disabilities transition from high school to post-secondary opportunities (e.g., transition specialist, job coaches, work study personnel, etc.).	

NOTE: The use of IDEA Part B funds must support the instruction or development of students with disabilities or students being served in a Coordinated Early Intervening Services program. Ancillary benefit to non-disabled students is allowable however, the service must be directed to and the majority of the benefit received by students with disabilities. (§300.208)

Maintenance of Effort

For the purpose of establishing eligibility to receive IDEA Part B funds, an LEA must budget and expend for the education of children with disabilities an amount, in local, or state and local funds, which is at least the same in total or per capita as the amount spent in the most recent fiscal year for which information is available. (§613 (a) (2) (A) (iii) and §300.203)

Section 613 of the Act states that funds shall be used to supplement State, local and other Federal funds and not to supplant such funds. Local educational agencies may not reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year. Notwithstanding the restriction in §300.203 (a), an LEA may reduce the level of expenditures for the preceding fiscal year if the reduction is attributable to any of the following:

- The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel.
- A decrease in the enrollment of children with disabilities.
- The termination of the obligation of the agency, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the State Education agency, because the child—
    - Has left the jurisdiction of the agency;
    - Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or
    - No longer needs the program of special education.
- The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.
- The assumption of cost by the high cost fund operated by the State Education agency under §300.704(c).

Coordinated Early Intervening Services

Under the Individuals with Disabilities Education Action, Part B, LEAs are permitted to expend up to 15% of its IDEA B allocation to provide early intervening services for students in kindergarten through grade 12, (with a particular emphasis on students in K-3) who are not currently identified as needing special education or related services, but who need additional academic and behavioral support to succeed in a general education environment. (Section 613 (f) (1))

Activities in implementing coordinated, early intervening services an LEA may carry out include:

- Professional development to enable teachers and school staff to deliver scientifically-based academic and behavioral interventions;
- Scientifically-based literacy instruction;
- Instruction on the use of adaptive and instructional software;
- Provision of educational and behavioral evaluations, services and supports; and
- Coordination of services aligned with the Elementary and Secondary Education Act (ESEA). (§300.226)

Under §300.646 (b) (2), if a State identifies significant disproportionality based on race or ethnicity in an LEA with respect to the identification of children as children with disabilities,

the identification of children in specific disability categories, the placement of children with disabilities in particular educational settings, or the taking of disciplinary actions, the LEA ***must use*** 15% of funds allowable for comprehensive CEIS for children in the LEA, particularly, but not exclusively, for children in those groups that were "significantly over identified."

Maintenance of Effort Flexibility and Coordinated Early Intervening Services

Maintenance of Effort (MOE) and Coordinated Early Intervening Services (CEIS) are interconnected. LEAs that seek to reduce their local MOE in accordance with §300.205 (d) and use some of their Part B funds for early intervening services under §300.226 must do so with caution because the decisions that an LEA makes about the amount of funds that it uses for one purpose affect the amount that it may use for the other.

Allowable Reduction of Local Funds

§34 CFR 300.205 (a) states that if an LEA's federal IDEA Part B allocation for the current year is greater than the allocation for the previous year, the LEA may choose to reduce the level of its state and/or local expenditures below what was spent on special education and related services by not more than 50% of the amount of that excess. These funds must be used for activities authorized by the Elementary and Secondary Education Act (ESEA) and LEA's are required to identify and report the expenditures of the freed-up state and local funds through a separate job code. This will enable districts to document the use of Part B funds for replacement of prior year local expenditures for audit purposes.

Additional Provisions:

- Under IDEA 616(f), if an SEA determines that an LEA is not meeting the requirements of Part B, including meeting targets in the state's performance plan, the SEA *must* prohibit that LEA from reducing its MOE under IDEA section 613(a)(2)(C) for any fiscal year;
- An LEA must receive a determination under Section 616 of "Meets Requirements" from the state in order to take advantage of this flexibility; and
- An LEA that is required to use 15 percent of its IDEA Part B allocation on Coordinated Early Intervening Services (CEIS) because the SEA identified the LEA as having significant disproportionality under 34 CFR 300.646 will not be able to reduce local MOE under IDEA.

PLEASE NOTE: Funds used to provide early intervening services under section 613(f)(1)-(5) count towards the maximum amount of local expenditures that a district may reduce.

Examples of an allowable reduction of local funds are provided below.

Maintenance of Effort Flexibility and Early Intervening Services Examples

Below are examples that illustrate how CEIS (§300.205(d)) and MOE (§300.226(a)) affect one another.

Example 1: In this example, the amount that is 15 percent of the LEA's total grant (see §300.226(a)), which is the maximum amount that the LEA may use for CEIS, is greater than the amount that may be used for local MOE reduction (50 percent of the increase in the LEA's grant from the prior year's grant) (see §300.205(a)).

Prior Year's Allocation:	$ 900,000.
Current Year's Allocation:	$1,000,000.
Increase:	$ 100,000.
Maximum Available for MOE Reduction:	$ 50,000.
Maximum Available for EIS:	$ 150,000.

- If the LEA chooses to set aside $150,000 for EIS, it may not reduce its MOE (MOE maximum $50,000 less $150,000 for EIS means $0 can be used for MOE).
- If the LEA chooses to set aside $100,000 for EIS, it may not reduce its MOE (MOE maximum $50,000 less $100,000 for EIS means $0 can be used for MOE).
- If the LEA chooses to set aside $50,000 for EIS, it may not reduce its MOE (MOE maximum $50,000 less $50,000 for EIS means $0 can be used for MOE).
- If the LEA chooses to set aside $30,000 for EIS, it may reduce its MOE by $20,000 (MOE maximum $50,000 less $30,000 for EIS means $20,000 can be used for MOE).
- If the LEA chooses to set aside $0 for EIS, it may reduce its MOE by $50,000 (MOE maximum $50,000 less $0 for EIS means $50,000 can be used for MOE).

Example 2: In this example, the amount is 15 percent of the LEA's total grant (see §300.226(a)), which is the maximum amount that the LEA may use for CEIS, is less than the amount that may be used for MOE reduction (50 percent of the increase in the LEA's grant from the prior year's grant) (see §300.205(a)).

Prior Year's Allocation:	$1,000,000.
Current Year's Allocation:	$2,000,000.
Increase:	$1,000,000.
Maximum Available for MOE Reduction:	$ 500,000.
Maximum Available for EIS:	$ 300,000.

- If the LEA chooses to use no funds for MOE, it may set aside $300,000 for EIS (EIS maximum $300,000 less $0 means $300,000 for EIS).
- If the LEA chooses to use $100,000 for MOE, it may set aside $200,000 for EIS (EIS maximum $300,000 less $100,000 means $200,000 for EIS).
- If the LEA chooses to use $150,000 for MOE, it may set aside $150,000 for EIS (EIS maximum $300,000 less $150,000 means $150,000 for EIS).
- If the LEA chooses to use $300,000 for MOE, it may not set aside anything for EIS (EIS maximum $300,000 less $300,000 means $0 for EIS).
- If the LEA chooses to use $500,000 for MOE, it may not set aside anything for EIS (EIS maximum $300,000 less $500,000 means $0 for EIS).

Parentally-Placed Private School Students

The amount of IDEA Part B funds to be expended for the provision of services, including direct services to parentally placed private school children, by the LEA shall be equal to a proportionate amount of the Federal funds made available under this part. LEA’s should consider the above-referenced allowable use of funds when consulting with their respective private schools. (Sec. 612 (a) (10) (A) (i) (1))