

Excess Cost
MDE MSBO Workshop
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Excess Cost Requirement

IDEA funds may only be used to pay the excess costs of providing special education and related services for children with disabilities

34 CFR §300.202(a)(2)

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Excess Cost Requirement

- Requirement is not new to IDEA
- Guidelines for determining whether LEAs have met the Excess Cost Requirement were published in Appendix A to Part 300 of IDEA
- Regulation went into effect on October 13, 2006

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Part B Excess Cost Definition

- Costs that are in excess of the average annual per-student expenditure in an LEA during the preceding school year for an elementary school or secondary school student

34 CFR §300.16

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Part B Excess Cost Definition

- Must be computed after deducting
 - (a) Amounts received
 - (1) Under Part B of the Act;
 - (2) Under Part A of title I of the ESEA; and
 - (3) Under Parts A and B of title III of the ESEA and;
 - (b) Any State or local funds expended for programs that would qualify for assistance under any of the parts described in paragraph (a) of this section, but excluding any amounts for capital outlay or debt service

34 CFR §300.16

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Excess Cost vs. MOE

- Separate requirements intended to address different concerns
- The Federal Excess Cost requires that the LEA spend at least as much on the education of children with disabilities as it spends on non-disabled children before spending IDEA funds
- MOE requires that LEAs spend at least as much of local or state and local funds on the education of children with disabilities as was spent in the prior year, subject to certain exceptions and adjustments

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MEETING THE EXCESS COST REQUIREMENT

Development of Excess Cost Calculation Tool

- Research current federal guidance and state models on excess cost
- Define variables for calculating excess cost
- Design an excess cost calculation tool
- Solicit feedback from state and local stakeholders
- Disseminate the calculation tool and supporting materials to local districts

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Addressing MI-Specific Challenges

- ISD distribution model
 - Some LEAs don't receive federal funds
- Limited ability to break down costs by elementary and secondary given accounting codes structure
- Absence of state definition of elementary and secondary

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Addressing Primary Challenge

- Current thinking is that Michigan will define “elementary” as costs that are allocated to grades K–8 and “secondary” as costs that are allocated to grades 9–12 for the purposes of the excess cost calculation
- Consistent with several state models

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CALCULATION TOOL PREVIEW

Key Elements of the Calculation

- Mirrors calculation presented in Appendix A to Part 300 of IDEA
- Based on headcount, not FTE
- Costs are calculated at elementary and secondary levels
- Most of the data will be automatically loaded from your FID data

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NEXT STEPS

Next Steps

- Draft business rules
- Gather input on calculation tool
- Finalize business rules and calculation tool
- Complete communications and awareness activities
- Pilot excess cost process

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