Excess Cost, Maintenance of Effort and Other Updates

MDE/MSBO Workshop
Fall 2019

Michigan Department of Education Office of Special Education
Welcome and Introductions
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Excess Cost

Maintenance of Effort Updates

Other Updates
Welcome and Introductions
Excess Cost
Excess Cost – What You Need to Know

• Excess Cost for 2019-20 is a pilot.
  o Training Webinar: November 22, 9:30 AM
  o Threshold Setting Activity: begins December 2\textsuperscript{nd}
  o Compliance Testing Activity: Fall 2020 (completion of Pilot)

• Fall 2020: 1\textsuperscript{st} real Excess Cost Threshold Setting
• Fall 2021: 1\textsuperscript{st} real Excess Cost Compliance Testing
• Excess Cost compliance testing not yet programmed in Catamaran.
Excess Cost Calculation – Total Expenditures

- Begin with all state and local expenditures.
- Add all federal expenditures.
- This results in total expenditures.

\[
\text{state and local expenditures} + \text{federal expenditures} = \text{total expenditures}
\]
Excess Cost Calculation – Adjusted Expenditures

- Beginning with total expenditures, deduct capital outlays, debt service, IDEA expenditures, and other deductions, in accordance with 34 CFR § 300.16.
- This results in an adjusted expenditures amount.

```
total expenditures
- capital outlays
- debt service
- IDEA
- other deductions
adjusted expenditures
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Excess Cost Calculation – APPE

- Divide adjusted expenditures by the total number of students.
- This results in an average per-pupil expenditure (APPE)

\[
\text{adjusted expenditures} \div \text{total students} \quad \text{APPE}
\]
Excess Cost Calculation – Threshold

- Multiply the APPE by the number of students with disabilities.
- The result is the excess cost threshold.
- IDEA Part B funds can be used only for expenses above and beyond this threshold.

\[
\text{APPE} \\
\times \text{number of students with disabilities} \\
\rightarrow \text{excess cost threshold}
\]
Guidance for Excess Cost Data Entry

• Catamaran will walk each district and ISD business official through each step of the calculation.

• Prioritize consistency and simplicity:
  o Within each ISD; and
  o Year-to-year.

• Member districts should contact ISD business officials with questions.

• Prioritize reasonableness over perfection.
Excess Cost Calculation

- Thresholds for elementary and secondary are calculated separately.
- Excess cost compliance will be tested at the aggregate ISD level only.
- ISDs and member districts can view thresholds calculated at the member district level, but they are for informational purposes only and will not be used by MDE for compliance testing.
Catamaran will walk district and ISD business officials through each step of the process.
Users will see both member district and ISD aggregate level threshold calculations.
Tools for ISD business officials to review district work easily and efficiently.
Excess Cost Resources

**How to Complete Excess Cost Threshold Setting for ISD Business Officials**
https://training.catamaran.partners/how-to-complete-the-excess-cost-activity-isds

**How to Complete Excess Cost Threshold Setting for District Business Officials**
https://training.catamaran.partners/how-to-complete-the-excess-cost-activity-districts

**Frequently Asked Questions about Excess Cost**
https://training.catamaran.partners/frequently-asked-questions-about-excess-cost
Maintenance of Effort Updates

- Maintenance of Effort Compliance and Eligibility testing are back on schedule
  - MOE Compliance – 2018-19 FY Compliance testing will start early March 2020
  - MOE Eligibility Testing – 2020-21 FY Eligibility testing will begin late May to early June 2020
Other Updates
Contact Information

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