Instructions for Calculating Excess Cost

Under 34 CFR §300.16, each LEA is required to use IDEA Part B Section 611 and Section 619 funds for costs of special education and related services that are in excess of the costs of services provided for all students. This ensures that the LEA spends at least as much on the education of children with disabilities as it does on children without disabilities. IDEA is meant to help supplement these additional costs of providing special education and related services, not the entire cost of educating a student with a disability.

Each year, the LEA will calculate the average annual per student expenditure (for all students). This amount is used to set the minimum amount that must be spent on the education of students with disabilities from state and local funds before IDEA funds may be used to offset the excess costs of special education and related services.

To be eligible for IDEA funds, each LEA must provide an assurance of the intent to meet the excess cost requirement for the upcoming fiscal year and must demonstrate that the LEA met the requirement for the previous fiscal year based on final expenditure data and child count data. **Please note the LEA must use the most recent final financial data, ADM, and child count from the same fiscal year to complete the calculation.** Documentation that the LEA met the excess cost requirement is submitted as part of the annual application for funds.

More information related to the Excess Cost Requirement can be found in the USBE Funding Manual.

PREPARE FOR THE EXCESS COST CALCULATION

Several pieces of information are required to make the Excess Cost calculation. It will be helpful to gather this data before you begin your calculation. For example, when applying for FY24 funds, the LEA must use final FY22 (2021-2022) data.

1. Configure schools based on grade levels to match the USBE's definition of elementary and secondary schools. Under USBE Administrative Rules R277-400-2, elementary schools are defined as a school with grades K-6 and secondary schools are defined as a school with any of the grades 7-12.

2. Determine the Average Daily Membership [e.g., FY 22 (2021-2022)].

   Average Daily Membership or ADM means the aggregate days of membership of a school divided by the number of days the school was in session. ADM calculations include all students who enter or exit a school during the year.

   The USBE publishes ADM online at https://www.schools.utah.gov/data/reports

3. Determine the child count of students with disabilities for the fiscal year the calculation is being completed. For example, if you are calculating Excess Cost for FY22, which is

submitted in the application for FY24 funds, you will need the child count of students with disabilities from December 1, 2022 (for the 2021-2022 school year).

4. Gather financial reports for your LEA from the previous fiscal year. For example, if you are calculating Excess Cost for FY22, which is submitted in the application for funds for FY24, you will need financial reports from FY22 (2021-2022). USBE publishes the Annual Financial Report (AFR) and the Annual Program Report (APR) online at https://www.schools.utah.gov/financialoperations/reporting

5. Gather internal financial records for your LEA. You will need access to the general ledger (or other similar reports) in order to calculate expenditures by elementary and secondary school.

6. Prepare an Excess Cost Worksheet. The Excess Cost Worksheet is available at: https://schools.utah.gov/specialeducation/programs/fiscal?mid=5094&tid=2

ASSIGN EXPENDITURES BY SCHOOL LEVEL

The Office of Special Education Programs (OSEP) is responsible for the administration of IDEA funds and has provided clear instructions that the excess cost calculation must be reported separately for elementary and secondary schools. OSEP has further clarified that it is the responsibility of the LEA to complete this calculation based on costs that can be attributed to each school level, and not simply based on the portion of the LEA population served at each level. The LEA must:

1. Assign expenditures to individual elementary or secondary schools wherever possible.
2. Proportion remaining district or multi-school expenditures based on enrollment.

Expenditure: Payment of cash or cash-equivalent for goods or services, or a charge against available funds in settlement of an obligation as evidenced by an invoice, receipt, voucher, or other such document.[1]

CALCULATE EXCESS COST

The excess costs calculation is based on funding levels from the prior fiscal year and the year reported. This is made up of two parts:

Part I. Calculate the amount that the LEA must spend on the general education costs of educating students with disabilities before it can spend IDEA Part B funds on the excess costs of special education.

Part II. Determine how much the LEA actually spent on the general education costs of educating students with disabilities to ensure that it was equal to or exceeded the required amount.

Part I.

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[1] Note that the Excess Cost calculation is based on what the school actually spent during the fiscal year, not on the amount of funds that were available to the LEA through federal, state, or local sources.

The first step in calculating Excess Cost is to establish the minimum amount the LEA must spend on the education of students with disabilities from state and local funds before IDEA funds may be used to offset the Excess Cost of providing special education and related services.

The LEA must calculate total expenditures minus capital outlay, debt service, and certain other Federal, State, and local funds. This amount is then divided by the same year total ADM to determine the average annual per pupil expenditure (APPE). The APPE is then multiplied by the same year child count of students with disabilities to determine the minimum amount.

Step 1: Total Expenditures
Calculate the total expenditure from all Federal, State, and local funds for the previous fiscal year, assigned to elementary and secondary levels. Total expenditures include expenditures for the entire LEA, not just for the special education program.

Use the APR to verify total expenditures. If your LEA has both elementary and secondary schools, you will need internal accounting records such as the general ledger to assign expenditures to the school level. The APR does not include information by school level.

Step 2: Subtract Capital Outlay and Debt Service
Use internal accounting records or the APR to identify capital outlay and debt service.

Step 3: Subtract Restricted Funds as Defined Under IDEA
Using your LEA accounting records, identify expenditures by school level for certain funding sources. Although these are all restricted funds, this does not mean that all restricted funds can be subtracted. These sources are specifically listed in the IDEA regulations (see Appendix A to Part 300 – Excess Costs Calculation):
   1. IDEA Part B
         a. School Age – Section 611 (3-21)
         b. Preschool – Section 619 (3-5)
   2. Title I-A
   3. Title III-A & III-B
   4. State special education funds
         a. Add-On
         b. Self-Contained
         c. Extended School Year (services for students)
         d. Preschool
         e. State Programs
   5. Local special education funds
   6. State or local funds used for Title I-A
   7. State or local funds used for Title III-A or III-B

Step 4: Determine Average Annual Per Pupil Expenditure (APPE)
Enter the total ADM for all students, including students with disabilities. If all schools in your LEA transition from elementary to secondary at the same grade level, you can easily add the

grade levels from this listing to find your ADM. If not, you must use internal records from each school to determine the elementary and secondary ADM.

The worksheet will divide the subtotal from Step 3 by your ADM at each level to calculate your average annual per pupil expenditure.

Step 5: Calculate the minimum amount
Your average annual per pupil expenditure will be multiplied by your child count of students with disabilities as of December 1, to determine the minimum amount that must be spent on the education of students with disabilities.

Part II.
Step 6: Calculate the Prevalence Rate of Students with Disabilities
The prevalence rate is the percentage of students with disabilities when compared to the total student population and must be calculated separately for elementary and secondary schools.

Step 7: Calculate Program Expenditures (State & Local Funds as reported in the AFR/APR)
Take the amount spent on students from the APR in each funding program in which students with disabilities participated:

- Schedule A: General Education
- Schedule B: Special Education. Include only program expenditures from program codes listed below:
    - 1205 - Special Education - Add-On
    - 1210 - Special Education - Self-Contained
    - 1215 - Special Education - Preschool
    - 1220 - Extended Year Program for Severely Disabled
    - 1225 - Special Education - State Program
    - 1230 - Spec Ed – Intensive Services
    - 1278 - Extended Year - Special Educators
    - 1295 - Unique Local Special Education Programs
    - 5878 - Extended Year for Special Ed Teachers
- Schedule C: Applied Technology Education
- Schedule D: Special Populations
- Schedule E: Quality Teaching Block Grant
- Schedule H: Restricted State and Federal. Include only program expenditures from program codes listed below:
    - 100 - Driver Education - (Classroom)
    - 5295 - Professional Development
    - 5320 - Contingency Fund
    - 5324 - Grants for Educators in High Need Schools
    - 5368 - School Nurses
    - 5380 - SOEP - Home School & Private
    - 5385 - State-Wide Online Ed
    - 5420 - School Land Trust Program

- 5470 - Computer Adaptive Testing
- 5602 - Chief Privacy Officer (CPO)
- 5607 - National Board Certified Teacher
- 5608 - School Mental Health
- 5609 - Driver Education -- Vehicles
- 5610 - Driver Education -- Behind-The-Wheel
- 5619 - Charter School Local Replacement
- 5622 - Teacher Retention Program
- 5627 - Innovative Student Improvement Program
- 5637 - Dual Immersion Program
- 5642 - Elementary School Counselor
- 5643 - STEM Lab Pilot
- 5644 - STEM Endorsement Incentive
- 5645 - Pilot Programs
- 5646 - Pilot Assessment Project
- 5647 - PRIME Pilot
- 5648 - Partnership for Student Success
- 5655 - Digital Teaching & Learning Program
- 5657 - Early Graduation – Competency Based
- 5660 - Financial Literacy
- 5662 - Outdoor Recreation Grant Program
- 5664 - Anti-Bullying Program
- 5666 - Grants for Professional Learning
- 5667 - Grants for New & Aspiring Principals
- 5668 - Effective Teachers in High Poverty Schools
- 5669 - Early Learning Training & Assessment
- 5670 - Competency Based Learning Amendments
- 5672 - Substance Abuse Prevention
- 5674 - Suicide Prevention
- 5676 - Intergenerational Poverty
- 5677 - Computer Science Initiative for Public Schools
- 5678 - Teacher and Student Success Program (TSSA)
- 5679 - Student Health and Counseling Support Program
- 5687 - School Turnaround Program
- 5690 - Peer Assistance
- 5693 - Strengthening College and Career Readiness
- 5694 - Early Warning Pilot Program
- 5695 - Corona Relief- State
- 5696 - School Safety Pilot
- 5805 - Early Literacy Program
- 5830 - Dropout Prevention
- 5835 - National ACT Test Reimbursement
- 5845 - Charter School Mentoring
- 5846 - State Charter School Start-Up

- o 5862 - Instructional Technology
- o 5876 - Educator Salary Adjustments
- o 5877 - Extended Year Special Educators
- o 5890 - Volkswagen Settlement Awards
- o 5910 - Charter Levy Program
- o 7190 - Other Unrestricted Grants Direct from Federal Government.
- o 7250 - Unique Local Federal/State Unrestricted Programs
- o 7323 - Star Talk (NSA Grant)
- o 7326 - ROTC
- o 7330 - Indian Education Programs
- o 7350 - High Quality School Readiness (TANF)
- o 7352 - Kindergarten Supplemental Enrichment
- o 7355 - Americorps
- o 7380 - ETI E-rate
- o 7390 - Unique Federal Direct Restricted Programs
- o 7501 - Improving Americas Schools Act
- o 7503 - FUEL
- o 7508 - Javits – Accelerated Readers
- o 7590 - Other Restricted Grants
- o 7603 - Service Learning
- o 7625 - Charter Schools Start-up
- o 7640 - Trust Lands Grand Staircase
- o 7685 - SAMSHA Aware
- o 7699 - Unique Local Federal-State Restricted Programs
- o 7700 - Federal-Intermediate Programs
- Schedule I: One Time & Other Bills
- Schedule J: Non-Instructional. Include only program expenditures from program codes listed below:
  - o 3700 - Community Services Programs
  - o 3710 - Community Recreation
  - o 3720 - Civic Services
  - o 3730 - Public Library Services
  - o 3740 - Custody and Child Care Services
  - o 3750 - Welfare Activities
  - o 3800 - Other Community Services Programs
  - o 8070 - State School Lunch Programs
  - o 8075 - Child & Adult Care Food Program
  - o 8079 - Other Child Nutrition Programs
  - o 8080 - Pandemic EBT
  - o 8081 - CNP Emergency COVID-19 Operating Costs
  - o 8503 - Swimming Pools
- Schedule L: ESEA. Include only program expenditures from program codes listed below:
  - o 7210 - ESSER CARES Program

- 7215 - ESSER II CARES Program
- 7220 - GEERS CARES Program
- 7225 - ESSER III ARP Program
- 7230 - GEERS II CARES Program
- 7280 - Other USBE CARES Programs
- 7290 - Non-USBE CARES Programs
- 7310 - CARES Payroll Protection Program
- 7606 - Migrant Education Consortium
- 7650 - UPSTART - Reading
- 7830 - Fed ESEA Title I C - Migrant Children
- 7840 - Fed ESEA Title I D - Neglected & Delinquent (YIC)
- 7860 - Fed ESEA Title II A - Teacher Quality
- 7865 - Federal Title II B - Math Science Partnerships
- 7890 - Fed ESEA Title IV A - Student Support & Acad. Enrich.
- 7900 - Fed ESEA Title IV - Subpart 2 Community Service Centers
- 7905 - Student Support Services
- 7910 - Fed ESEA Title IV B - Community Learning Centers
- 7915 - 21st Century Supplemental
- 7920 - Fed ESEA Title V A - Innovative Programs
- 7930 - Fed ESEA Title VI A - Assessment
- 7940 - Fed ESEA Title V B - Rural & Low-Income Schools (RLIS)
- 7950 - Fed ESEA Title VII B - Homeless Education
- 7960 - Fed ESEA Title VI - American Indian/Alaska Native Ed.
- 7970 - Out-of-School Time Career Pathway

Step 8: Calculate the Actual Expenditures for the Education of Students with Disabilities
Multiply each expenditure amount by the prevalence rate (Step 7) to calculate the actual expenditures for the education of students with disabilities.

Step 9: Determine if the Excess Cost Requirement has been met
Determine if the amount calculated in Step 8 is greater than or equal to the amount calculated in Step 5 to verify that the LEA has met the Excess Cost Requirement, separately for elementary and secondary schools.

SUBMIT EXCESS COST CALCULATION

The calculation of Excess Cost must be maintained by the LEA for the required record retention period (2 CFR § 200.334) and provided to auditors or USBE upon request. As evidence that the LEA has met the Excess Cost requirement and is eligible for IDEA funds, the LEA must submit the Excess Cost calculation as part of the annual application for funding. The USBE will compare the Excess Cost calculation with the AFR/APR to confirm that the LEA did expend the required minimum amount.

For more information about the Excess Cost requirement, please contact Neil Stevens at neil.stevens@schools.utah.gov or 801-538-7819.