

Instructions for Calculating Excess Costs

UTAH STATE OFFICE OF EDUCATION FICAM RESOURCES

The basic idea behind the excess costs calculation is that each school district or charter school (Local Education Agency, or LEA) is required to spend at least the same average amount for the education of students with disabilities as the LEA spends on average for all students before Individuals with Disabilities Education Act (IDEA) funds may be used.

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 can be used to offset the excess costs of special education.

EXCESS COSTS IS A MULTI-YEAR CALCULATION

To be eligible for IDEA funds in 2018-2019, each LEA must provide assurance of the intent to meet the Excess Costs requirement during the 2018-2019 year, and must demonstrate that the LEA met the requirement for the 2017-2018 year based on expenditure data from the 2016-2017 year. The documentation that the LEA met the Excess Costs requirement for 2016-2017 is submitted as part of the 2017-2018 application for funds. The calculation of the minimum amount that must be expended for 2017-2018 is made as soon as possible following the December 1, 2017 child count of students with disabilities. This calculation continues on a rolling basis so that at all times 3 years are involved.

2016-2017	2017-2018	2018-2019
FY17 Expenditures	Dec 1, 2017 Child Count	FY19 Application
FY17 ADM	Establish FY18 minimum expenditure	Demonstrate Eligibility

PREPARE FOR THE FY18 EXCESS COSTS CALCULATION

Several pieces of information are required to make the Excess Costs calculation. It will be helpful if you gather this data before you begin your calculation.

1. Define elementary and secondary schools for your LEA.
2. Determine the Average Daily Membership for 2016-2017.

Average Daily Membership

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

The Utah State Office of Education (USBE) publishes ADM online at <https://www.schools.utah.gov/data/reports>

3. Determine the child count of students with disabilities for the current fiscal year. For example, if you are calculating Excess Costs for FY18, you will need the child count of students with disabilities from December 1, 2017 (the 2017-2018 school year).
4. Gather financial reports for your LEA for the prior fiscal year. For example, if you are calculating Excess Costs for FY18 you will need financial reports from FY17 (2016-2017). 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 Costs calculator**. For your convenience, USBE has prepared a self-calculating excel document called "FY18 Excess Costs Worksheet" which is **available in the Utah Grants Enterprise Grants Management System**.

ASSIGN EXPENDITURE 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 costs calculation must be reported separately for elementary and secondary schools. OSEP has further clarified that it is the responsibility of the LEA to make 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.

To assign expenditures by level:

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

Expenditure

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.

Note that the Excess Costs 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.

CALCULATE THE MINIMUM EXPENDITURE

The first step in calculating Excess Costs 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 Costs of special education.

To establish the minimum, the LEA will calculate the prior year total expenditures minus capital outlay, debt service, and certain other Federal, State, and local funds. This amount is then divided by the prior year total ADM to determine the average annual per pupil expenditure. This average is multiplied by the current year child count of students with disabilities to determine the minimum amount.

STEP A: TOTAL EXPENDITURE

Calculate the total expenditure from Federal, State, and local funds for prior fiscal year (FY17), assigned to elementary and secondary levels. Total expenditure includes 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 B: SUBTRACT CAPITAL OUTLAY AND DEBT SERVICE

Use internal accounting records or the APR to identify FY17 capital outlay and debt service.

STEP C: SUBTRACT CERTAIN RESTRICTED FUNDS

Using your LEA accounting records, identify FY17 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:

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 D: DETERMINE AVERAGE ANNUAL PER PUPIL EXPENDITURE

Enter the prior year (2016-2017) total ADM for all students, including students with disabilities. USBE publishes total ADM for several years online at

<https://www.schools.utah.gov/data/reports>

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 C by your ADM at each level to calculate your average annual per pupil expenditure.

STEP E: CALCULATE THE MINIMUM AMOUNT

Your average annual per pupil expenditure will be multiplied by your current year (2017-2018) child count of students with disabilities as of December 1, 2017 to determine the minimum amount that must be spent on the education of students with disabilities.

SUBMIT EXCESS COST CALCULATION

The calculation of Excess Costs must be maintained by the LEA during the current fiscal year (FY18) and provided to auditors or USBE on request. As evidence that the LEA has met the Excess Costs requirement on an ongoing basis and is eligible for IDEA funds, the LEA must submit the prior year (FY17) Excess Costs calculation within the UCA as part of the annual application for funding. The USBE will compare the prior year Excess Costs calculation with the AFR/APR to confirm that the LEA did expend the required minimum amount.

For more information about the excess costs requirement, please contact Neil Stevens at Neil.Stevens@schools.utah.gov or 801-538-7819.