IDEA Part B

LEA Excess Cost Manual

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Purpose and Authority

Individuals with Disabilities Education Act (IDEA) Part B funds two federal grants to states to support local educational agencies (LEAs) in providing a free appropriate public education (FAPE) to students with disabilities:

- Grants to States for Education of Children with Disabilities program (authorized under Section 611 of IDEA) to support students with disabilities ages 3 to 21
- Preschool Grants for Children with Disabilities program (authorized under Section 619 of IDEA) to support students with disabilities ages 3 to 5

The New Mexico Public Education Department (NMPED) allocates subgrants of both Section 611 and Section 619 funds to LEAs. LEAs may only use these funds to cover the excess cost of providing special education and related services to eligible students with disabilities. IDEA Part B funds must be used only to cover the "excess costs," meaning costs that are above and beyond what an LEA spends on average to educate an elementary or secondary school student.

It is required that an LEA use IDEA funds for costs of special education and related services that are in excess of the costs for all students under 34 CFR § 300.16 and § 300.202(b) and Appendix A to Part 300. This requirement ensures that LEAs spend at least as much on children with disabilities as on children without disabilities before using IDEA funds. The IDEA Part B funds are intended to supplement the additional cost of educating students requiring special education and related services, not the entire cost of educating the student with a disability.

Excess Cost Requirements

Excess costs are those costs for the education of an elementary or secondary student with a disability that are in excess of the average annual per student expenditure in an LEA during the preceding school year.

- An LEA must spend at least the average annual per student expenditure on the education of an elementary school or secondary school child with a disability before funds under Part B of the Act are used to pay the excess costs of providing special education and related services.
- Section 602(8) of the Act and 34 CFR § 300.16 require LEAs to compute the minimum average amount separately for children with disabilities in its elementary schools and for children with disabilities in its secondary schools.
- LEAs cannot compute the minimum average amount an LEA must spend on the education of children with disabilities based on a combination of the enrollments in its elementary and secondary schools.

Under IDEA 34 CFR § 300.16, excess costs mean those costs that are in excess of the average annual per pupil expenditure in an LEA during the preceding school year for an elementary school or secondary school student, as may be appropriate, and that 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.

IDEA Part B regulations in Appendix A to Part 300 provide an example of the calculation process that the NMPED is required to follow when determining the threshold amount for elementary and secondary schools.

To meet the excess cost requirement, LEAs must spend, from state and local funds, the average annual per pupil expenditure amount on a child with a disability before using Part B funds.

- LEAs are required to compute excess cost annually.
- LEAs are required to compute the average per pupil expenditure (APPE) at both elementary and secondary levels as outlined in 34 CFR § 300.16.
- An LEA meets the excess cost requirement if it has spent a minimum amount of non-IDEA dollars for the education of children with disabilities.
- Compliance with this requirement is evaluated by looking at an LEA's aggregate spending calculated for both elementary and secondary students in a given school year.

Requirements for Excess Cost Calculation

Excess Cost Information and Submission Process

Annually, LEAs must complete the excess cost calculation worksheets for elementary and secondary school students (Objective Eight) in the LEA Subgrant Application through the SharePoint system. The excess cost calculation must be approved by the NMPED Financial Coordinator within the Office of Special Education prior to the LEA's subgrant application being considered substantially approvable.

The guidelines for the annual subgrant application and assurances list the allowable uses of IDEA Part B subgrant funds. According to the guidelines, the funds

- must be used only to pay the excess cost of providing special education and related services to children with disabilities;
- must be used to supplement state, local, and other federal funds and not to supplant such funds; and
- must not be used to reduce an LEA's maintenance of effort (MOE) for the education of children with disabilities below the preceding year's level.

When calculating excess cost, LEAs must use the following public school classifications as used in the Public School Code included in state law at 22-1-3 NMSA 1978.

- "Elementary school" means a public school providing instruction for grades kindergarten through 8, unless there is a junior high school program approved by the state board [department], in which case it means a public school providing instruction for grades kindergarten through 6.
- "Secondary school" means a public school providing instruction for grades 9 through 12, unless there is a junior high school program approved by the state board [department], in which case it means a public school providing instruction for grades 7 through 12.
- "Junior high school" means a public school providing a junior high school program approved by the state board [department] for grades 7 through 9, or for grades 7 and 8.
- "High school" means a public school providing instruction for any of the grades 9 through 12, unless there is a junior high school program approved by the state board [department] for grades 7 through 9, in which case it means a public school providing instruction for any of the grades 10 through 12.

Expenditures for preschool services cannot be included in the excess cost calculations since preschool is not defined as an elementary school.

Preparation of the Excess Cost Worksheets

Annually, LEAs are responsible for calculating their own excess cost and generating necessary fiscal reports through the Office of Management and Budget System (OMBS). The following reports—separated by "elementary" and "secondary" school data following the definitions outlined above—are obtained through OMBS to support the calculation of excess cost:

- Actuals—Expenditure Rollup Report
- Budget
- Actuals—Reporting Period (April through June) or Twelfth Month

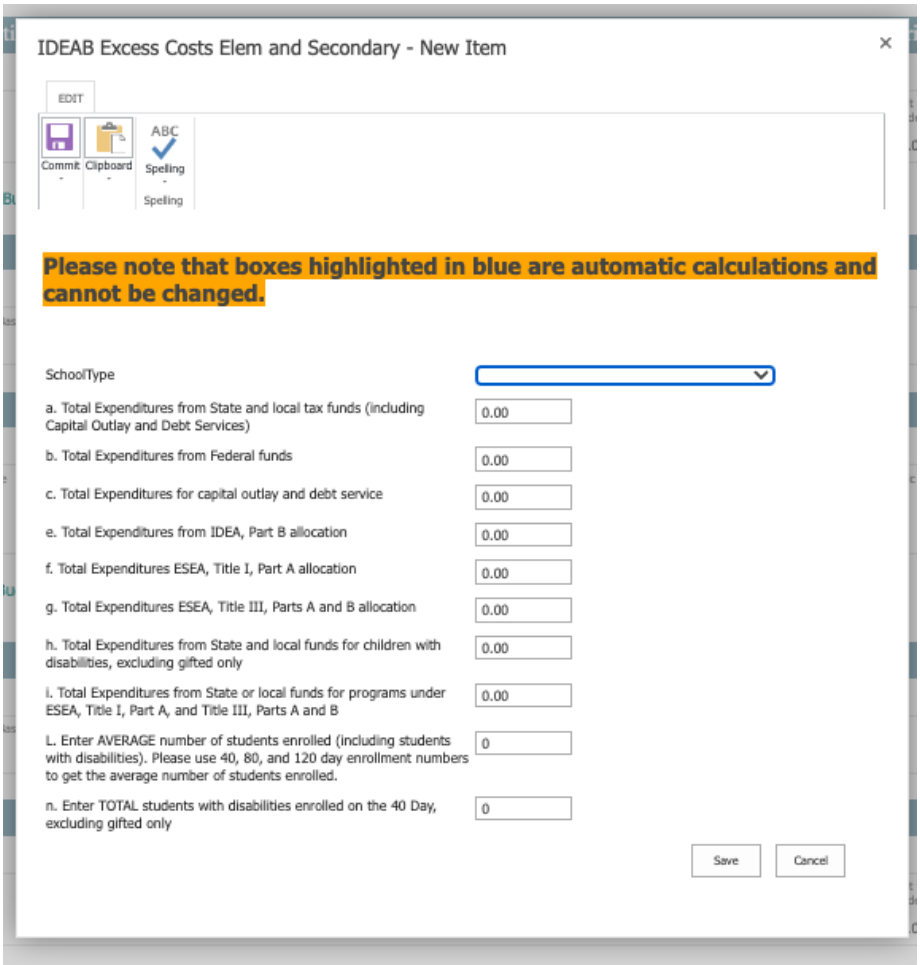
In addition to the reports from OMBS, the LEAs also generate child count and enrollment data through the NOVA student data system. The following reports are downloaded, and the data is required to be separated by "elementary" and "secondary" according to the definitions outlined above:

- 40-day prior year enrollment data for all students
- 40-day prior year child count data for students with disabilities

For detailed instructions on how to download the reports needed to complete the excess cost calculation through OMBS, see the NMPED Excess Cost—Instructions (Appendix A).

The information gathered in the reports from OMBS and NOVA is used to complete the excess cost worksheets in SharePoint (shown below) as part of the LEA's annual subgrant application for IDEA funds Objective Eight.

- All expenditures from the OMBS report are reported on one of the lines on the excess cost worksheets.
- The NMPED Office of Special Education Excess Cost—Supplemental (Appendix B) is a guide indicating different fund codes to support LEAs with completing the worksheets.
- Expenditure data separated by "elementary" and "secondary" for student counts for all students and also for students with disabilities are entered into the worksheets.
- The OMBS reports generated to complete the worksheets are required to be uploaded into the SharePoint IDEA Application module.



Once this information is entered into the worksheets through SharePoint, the APPE for excess cost will be automatically calculated within the application. Additional information on completing the Excess Cost Worksheets can be found in the NMPED Special Education Division Excess Cost—Instructions (Appendix A).

Excess Cost Compliance and Verification

The APPE establishes the excess cost threshold that LEAs must use to compare to the amount of non-IDEA Part B dollars spent for the education of students with disabilities.

- Once the APPE is calculated, LEAs must provide the amounts of non-IDEA Part B dollars spent for students with disabilities in elementary and secondary school.
- The respective non-IDEA Part B amounts are then compared to the APPE to determine if the LEA met the excess requirement.
- If the APPE amount is less than the actual amount of non-Part B dollars spent for students with disabilities, the LEA "meets" the excess test.
- If the APPE amount is greater than the actual amount of non-Part B dollars spent for students with disabilities, the LEA "does not meet" the excess test.

Annually, as part of the subgrant application process, the Board of Education president, LEA superintendent, LEA business manager, and director of special education sign assurances that funds must be used only to pay for the excess costs of providing special education and related services to children with disabilities following 34 CFR § 300.202 and the permissive use of funds as described in 34 CFR § 300.208.

In addition, LEAs are instructed to review their excess cost worksheets and data reports for accuracy. A copy of the excess cost worksheets and data reports should be retained with the IDEA Part B subgrant application at the LEA level for single audit purposes.

Excess Cost Reporting and Review

Once the LEA subgrant application, including the excess cost worksheets, is submitted to the NMPED, it is reviewed by the NMPED financial coordinator. The review consists of the following:

- a check to ensure that all components of the application were completed
- a comparison of the expenditure data reported on the worksheet to the LEA expenditure reports generated in OMBS that were submitted to ensure that these amounts are consistent
- a comparison to prior year excess cost reporting to ensure there are no significant differences in the types of data submitted

- confirmation of the threshold amount (APPE) that the LEA is required to spend for the education of students with disabilities using non-IDEA dollars
- confirmation of the non-IDEA expenditures identified by the NMPED as attributable to the education of students with disabilities that can be counted for the excess compliance test (see Appendix B)

If an LEA has not submitted data in each of the areas of the excess cost worksheets, the excess cost requirement will not be able to compute through the system. The NMPED staff will contact LEAs who have not submitted necessary data to complete the worksheets and compute the requirement for the LEA.

Failure to Meet the Excess Cost Requirement

Should an LEA fail to meet the excess cost requirement, the NMPED could take measures to address that noncompliance, including the following:

- issue a finding of noncompliance and required corrective action
- determine that the LEA is ineligible to receive an IDEA subgrant award, as meeting the excess cost requirement is necessary to substantially approve the LEA subgrant application
- determine that the amount of IDEA expenditures equivalent to the excess cost failure is considered unallowable and subject to Section 452 of the General Education Provisions Act 20 USC 1234a

The NMPED is responsible for any repayment to the U.S. Department of Education as the recipient of the grant award. The NMPED will collect the amount owed for repayment from the LEA who did not meet the excess cost requirement.

Timeline and Due Dates

Activity	Lead staff	Due date
LEAs collect necessary reports to complete the excess cost worksheet through OMBS and NOVA.	LEA staff	October–May
The IDEA Part B application becomes available through SharePoint.	NMPED fiscal supervisor	June
LEAs complete the excess cost worksheet as part of the LEA subgrant application.	LEA staff	September 15
The review of the LEA Certified Excess Cost Report with Supporting Documentation is performed.	NMPED Business Operations and Fiscal staff	September 30

Note: Should there be unexpected circumstances requiring an adjustment to the time frames outlined above that would result in changes for LEAs, NMPED will notify LEAs within a reasonable amount of time to inform LEA administration of the changes to the time frame.

Appendices

Appendix A: NMPED Special Education Division Excess Cost—Instructions

NMPED / Special Education Division

Excess Costs-Instructions

May 2023

Section One:

Introduction

The Excess Cost tab **must be completed by ALL LEAs** except State-Chartered Charter Schools opening in the Fall of 2023.

Note: LEAs are required to compute the Excess Cost Calculation for their **elementary** and **secondary** students with disabilities **separately**. This is a federal requirement of the IDEA-B application and should be done by the business office.

When calculating excess cost, LEAs must use the following definitions included in State law at 22-1-3 NMSA 1978.

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Section Two:
Definitions and classifications

As used in the Public School Code:

a. "elementary school" means a public school providing instruction for grades kindergarten through eight unless there is a junior high school program approved by the state board [department], in which case it means a public school providing instruction for grades kindergarten through six.

b. "secondary school" means a public school providing instruction for grades nine through twelve, unless there is a junior high school program approved by the state board [department], in which case it means a public school providing instruction for grades seven through twelve.

c. "junior high school" means a public school providing a junior high school program approved by the state board [department] for grades seven through nine, or for grades seven and eight.

d. "high school" means a public school providing instruction for any of the grades nine through twelve, unless there is a junior high school program approved by the state board [department] for grades seven through nine, in which case it means a public school providing instruction for any of the grades ten through twelve.

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Section Three:
Procedures

1. In OBMS, print an expenditure report for your LEA using the 4th quarter or 12th month of the 20212022 school year.

a. Reports>select report type…>Actuals Report>Actuals Expenditure rollup report.

b. Budget: Your LEA 2021-2022.

c. Actuals reporting period: Fourth Quarter (Apr-Jun) or Twelfth Month.

d. Click on "View Report".

2. Export to Excel.

3. Delete or hide all columns with numbers except YTD.

4. Use the LEA's internal expenditure reporting to separate elementary and secondary amount.

5. Under "Elementary," indicate the grades included in the calculation for elementary. Under "Secondary," indicate the grades included in the calculation for secondary.

6. SharePoint IDEA Application Objective Eight:

- All expenditures on OBMS report should be reported on one of the lines on the Excess Cost worksheets.
- Utilize the ***Excess Cost Supplement*** report as a guide to assist with completing the SharePoint IDEA Application Objective Eight. ○ [Line K Total Expenditures (Elementary)] + [Line K Total Expenditures. (Secondary)] = Total YTD Expenditures per OBMS report*.

  For items L and N (student counts) you may use the following:
- L. "Average number of ALL Elementary or Secondary Students enrolled (including SWD)": use the average of the 40th, 80th, & 120th day membership counts for 2021-2022, separated by elementary and secondary grades.
- N. "Total Elementary or Secondary students with disabilities enrolled on the 2021-2022 40th day" = 40D SWD count, separated by elementary and secondary grades.
- ***Upload*** your OBMS report into the SharePoint IDEA Application module*.

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Section Four:
Notes

Excess Cost is one of several fiscal compliance requirements governing the expenditure of federal funds on students with disabilities. The Excess Cost is a statutory requirement that mandates how much the LEA must expend for children with disabilities from state funds.

The Excess Cost section of the IDEA B application must be completed based on the most current data available. Except as otherwise provided, amounts provided to an LEA under Part B of IDEA may be used only to pay the excess costs of providing special education and related services to children with disabilities. Excess costs are those costs necessary for the education of an elementary school or secondary school student with a disability that is more than the average annual per student expenditure in an LEA during the preceding school year for an elementary school or secondary school student, as may be appropriate. Excess cost calculations may not include expenditures for capital outlay or debt service.

An LEA must spend at least the average annual per student expenditure on the education of an elementary school or secondary school child with a disability before funds under Part B of the Act are used to pay the excess costs of providing special education and related services.

LEAs are required to compute the Excess Cost Calculation for elementary and secondary students with disabilities separately. Section 602(8) of the Act and IDEA B regulation section 300.16 requires the LEA to compute the Excess Cost Calculation separately for children with disabilities in its elementary schools and for children with disabilities in its secondary schools.

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 schools and secondary schools. [20 U.S.C. 1401(8); 34 CFR § 300.16]

Appendix B: NMPED Special Education Division Excess Costs—Supplemental

NMPED / Special Education Division <u>Excess Costs-Supplemental</u>

May 2023

A	11000 Operations
	13000 Transportation
	14000 Instructional Materials
	21000 Food Services
	22000 Athletics
	23000 Non Instructional Support
	26000 Local Grants
	27000 State Flow Through Grants
	28000 State Direct Grants
	29000 Combined Local/State Grants
	31000 Capital Outlay
	32000 Capital Outlay
	41000 Debt Service
	42000 Debt Service
	43000 Debt Service
B	
	24000 Federal Flow-Through Grants
	25000 Federal Direct Grants
C	31000 Capital Outlay
	32000 Capital Outlay
	41000 Debt Service
	42000 Debt Service
	43000 Debt Service

D This is an auto calculation

E 24106 Entitlement IDEA B
24109 Preschool IDEA B
24112 IDEA - Early Intervention Services
24115 IDEA - Private Schools Share
24120 IDEA B Risk Pool
24188 AMP Advancing Measurement at PED

F 24101 Title 1 - ESEA

G 24153 English Language Acquisition
24163 Immigrant Funding - Title III

H Local/State expenses exclusively for Special Education

I Local/State expenses exclusively for Title I and Title III

J This is an auto calculation

K This is an auto calculation

L Average of student counts - 40 Day, 80 Day & 120 Day

M This is an auto calculation

N 40 Day student count of SWD

O This is an auto calculation