Objectives

- Discuss Department oversight and requirements related to special education funds.
- Clarify permissive and non-permissive uses of funds for special education.
- Clarify basic legal and financial requirements for contracted special education services.
- Discuss guidance pertaining to 4+ services.

Special Education Funds: Oversight and Requirements
Special Education Fiscal Oversight

- The Department’s Bureau of Finance, Facilities, Operation, and Transportation Services (FFOTS) has responsibility for Special Education finance.
- Use of state special education funds
- Use of IDEA, Part B funds
- Data collection, such as COA/CAR, Special Education Supplement (SES), and Tuition-in Billing (TIB)
- Monitoring and analysis of expenditures in multiple funding streams, including Special Education.

Special Education Fiscal Oversight, cont.

- Development and revision of guidance, such as clarification of Chapter 98 regarding use of categorical funding (which includes SPED), is ongoing.
- Parameters for Department-issued guidance are now explicitly stated in Iowa Code.

Department Authority

- Legislature establishes law through enacting changes to Iowa Code.
- State agencies are expressly and singularly authorized to interpret Iowa Code and to further define Iowa Code (IC) [law] through Iowa Administrative Code (IAC) [rule]; rule has the force of law because all rules are legislatively approved.
- Example: Special Education Weighting
  
  Law: IC § 256B.9
  Rule: 281 IAC 98.17
Special Education Funding Sources

District Funds for special education programs are generated through two sources:

1) State funding formula
   - Regular program district cost (“1.0 funds”)
   - Supplemental weighting (additional to the 1.0 funds)
   - Local property taxes (if first two are insufficient)

2) Federal IDEA
   - Part B allocation
     - Based on state formula, sent first to the Area Education Agencies (AEAs)
     - AEAs distribute to the districts
   - Part C allocation

Special Education Weighting Plan

The special education plan is part of the foundation formula weighting for students with Individualized Education Programs (IEPs) and provides funding for the excess costs of instruction of children with IEPs - above the costs of instruction of students in the regular curriculum.
   - Students are general education students FIRST.
   - Entitled to all the services available to general education students (these are not charged to special education (SE)).
   - Also includes the cost of specialized transportation equipment required by IEP.
   - District cost per pupil (DCPP) x weighting (0.72, 1.21, or 2.74).

Special Education Weighting Plan

- Special Education has a local match required, which comes from the general education funds generated for each student (i.e., “1.0” funds), and is categorical to special education costs.
- Percentage of the regular program district cost for any student with an IEP differs by level:
  - Level 1: 0-30%
  - Level 2: 60%
  - Level 3: 73%
- This is the reciprocal to GPP (general program percentage).
Categorical Funding

• Special education funding in Iowa is considered categorical. (281-IAC 98.1, .17, .72)
• "Categorical funding" means financial support from state and federal governments that is targeted for particular categories of students, special programs, or special purposes.
  • Typically has restrictions on its use
  • Where a local match is required, that local match is also considered to be categorical funding

Note: State law and rule can be more restrictive than federal law regarding allowable uses of funds!

General Provisions – Chapter 98

Supplement, Not Supplant

• Addition to general purpose revenues.
• Shall not provide services (unless expressly authorized) that:
  ✓ Are required by state or federal or other categorical funding.
  ✓ Were provided in prior years from general purpose revenues.
  ✓ Are similar to services provided to other students from general purpose revenues.
• Rebuttable.

Expenditures

Direct costs necessary for program:

• Not otherwise needed or otherwise provided to similar programs.
• In addition to those normally incurred (supplement, not supplant).
• Measurable directly without allocating.
Reviewing District Expenditures

- SES
- CAR
- General Ledger
- Payroll Records
- Invoices/Receipts
- Staff Assignments

School Budget Review Committee (SBRC)

- SBRC certifies the special education balance for each district to the Department of Management (DOM)
  - Positive Special Education Balance
    - Redistribute to districts with negative balance the amount over 10% of the district’s weighted receipts
  - Negative Special Education Balance
    - District may request Modified Supplemental Amount

- Weighting changes are reviewed every two years; however, no change has occurred since 2003 – 2004 school year

Ongoing Issues/Concerns

- Special education deficit.
- Coding of expenditures (i.e., special and general education).
- Uses of categorical funding for non-instructional costs (admin and operations).
- Billing issues.
- IDEA Maintenance of Effort (MOE).
  - Federal requirement - must spend as much as you did the previous year
  - Board approval of contracts/agreements.
Special Education Funds: Appropriate and Inappropriate Use

Key Reminders

• Simply being included in an IEP does not mean a cost is automatically paid with special education categorical funding. The IEP does not change the nature of an expenditure.
  • If all students are receiving laptops, giving one to a student with an IEP even if in the IEP does not convert that cost from general to special education categorical. To allocate computer costs would be supplanting. The same would hold true for general classroom supplies being used in a special education classroom...this does not become a special education cost.
  • If an IEP lists a facility modification, this would be a capital projects fund expenditure rather than a special education categorical funding expenditure.

Special Education Funds – Appropriate Uses

• Appropriate uses
  • Costs delineated on the pupils’ IEPs that are direct costs of providing instruction and services.
  • Specialized physical education, travel, training, or accommodations for extracurricular activities.
  • Modifications, adaptations, or special accommodations in order to benefit from instruction.
  • Salary and benefits for SE licensed teacher for portion devoted to program, also paraeducators required by IEPs.
  • Staff development/travel for SE teachers or targeted PD
  • Specialized supplies, equipment.
Special Education Funds – Appropriate Uses

- Appropriate uses – cont.
  - Health services delineated on IEP.
  - Specialized transportation equipment (lifts/ramps).
  - Vehicles only if specialized, exclusive, and required by IEP (purchased through general fund).
  - Tuition to another district for providing SPED services on behalf of resident district.
  - Administrative costs (principal or special education director and his/her clerical support) ONLY IF approved by SBRC.

Special Education Funds – Inappropriate Uses

- Inappropriate uses
  - Costs related to private facilities.
  - Administrative costs other than approved by SBRC.
  - General education program costs or general education teachers/staff.
  - Instruction of general education students by SE licensed teachers.
  - Student transportation that is not specialized or not on IEP.
  - Vehicles that are not specialized, exclusive, or on IEP.
  - Capital expenditures other than specialized equipment on students' IEPs.
    - Facility rental, acquisition, or modifications (even if ADA required) are disallowed.

- Inappropriate uses, cont.
  - Indirect costs or use charges on non-federal funding.
  - Operational or maintenance costs.
  - Early intervening services or child find under IDEA, Part B or Part C, or other general education initiatives.
  - Any other expenditure not directly related to providing the SE program beyond the scope of regular education program.
  - Any expenditures not appropriate to the general fund.
  - Any expenditures charged to, or more appropriate to, other federal or state categorical funding.
Special Education Contracted Services

Why Contract for Services?

• Necessary to provide free appropriate public education (FAPE).
• Local staff are unable to provide the type of service(s) required.
• More efficient use of available funds - greater economy of scale.

Contract for Services – Suggested Content

• Parties involved
• Purpose of the agreement
• Responsibilities of the parties
• Description of services to be provided, including duration and location
• Determination of costs
• Billing process and associated requirements
• Dispute resolution process
• Contract duration and termination
• Amendment process

*Note: This is guidance, not legal advice.
Contracts for Service - Approval

• Per Iowa Code section 291.1, all contracts entered into by a school district (or area education agency) require board action and must be signed by the district’s board president.
• Responsibility cannot be passed on to an administrator.

Itemized Billing Required

Iowa Code section 282.20: "On or before February 15 and July 15 of each year the secretary of the creditor district shall deliver to the secretary of the debtor district an itemized statement of such tuition fees."
• Billing for students with IEPs are actual costs. Cannot be a pre-determined per pupil or per diem amount (regardless of the location of the instructional program).
• Districts must report costs in detail, by Level, so must have sufficient detail from the service provider to do so. Must ensure only agreed upon, allowable costs are included.

4+ Services

Refer to “Guidance for 4+ Services” (January 2017) posted on the Special Education State Guidance page of the Department’s website
4+ Services Are…

- Secondary services which are included in the student’s IEP and provided to fulfill unmet transition need(s).
- Individualized services, as determined by the IEP team.
- The responsibility of the local school district, provided through the school district’s continuum of services.
- Provided when the student needs them, for as long as the student needs them, for as long as the student is eligible to receive special education services.
- Provided in a variety of locations, including: within the high school setting, at an alternate district location, in the community or on a community college campus.

4+ Services Are Not…

- College programs.
- Always located on a community college campus (refer to previous slide).
- Based on decisions made by one individual; decisions are made by the IEP team, which includes the student and/or the family.
- Provided to students who have graduated from their high school.
- Provided for predetermined length of time.
- Provided for the purpose of earning postsecondary credit, a certificate or a degree.

4+ Services are Part of the District’s Secondary Program

- LEA continues to have responsibility for the IEP.
- IEP team develops IEP, including goals and ensures FAPE:
  - Comprehensive
  - Individualized based on student need
  - Progress monitoring and data collection
- Students can not have graduated.
4+ Services Finance Considerations

- Not appropriate to change the IEP to match a program.
- Not appropriate to change the student's financial weighting based on service costs.
- District is responsible for transportation to location unless student is open enrolled.
- Must be a direct connection between the costs and the IEP
  - Cost for books, supplies, and other materials to provide FAPE must be covered by the district
  - When purchased by the district, they are the property of the district

In Summary...
Oversight

- State agencies are expressly and singularly authorized to interpret Iowa Code and to further define Iowa Code (IC) [law] through Iowa Administrative Code (IAC) [rule].
- Data is shared with the SBRC.
- On-site reviews are possible.

Appropriate and Inappropriate Uses

- Beyond basic educational programs (supplement, not supplant).
- Funding is categorical, so there are general restrictions on use.

Contracted Services

- Be specific.
- Address billing-related needs – actual costs.
- Ensure board action and board president’s signature.
4+ Services

• 4+ services are secondary services included in the IEP, not college programs.
• Must be direct connection between the costs and the IEP.
• If at a community college, living on campus is a student choice and parent cost with two exceptions.
• Ask for assistance.

Questions?

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