Allowable Costs Under the IDEA

ESS Program Management

January 14, 2025

Agenda

Purpose of IDEA Grants

Excess Costs

Allowable Costs Guide

Common Budget Requests

Changes for Fiscal Year 2026

Budget Narrative Examples

Proportionate Share

Coordinated Early Intervening Services

Questions and Answers

Please visit the ESS Program Management web page to download the Allowable Costs Under the IDEA guide.

For questions during today's presentation, please use the Zoom chat or e-mail essprogmgmt@azed.gov.

Purpose of IDEA Grants

Purpose of IDEA Part B Grants

To assist local and public education agencies (PEAs) in assuring that all children with disabilities (ages 3–21) have available to them a free appropriate public education that emphasizes special education and related services designed to meet their unique needs.

The funds under Part B may be used for the **excess cost** of providing special education services.

"Public education agency" means a school district, a charter school, an accommodation school, a state-supported institution, or any other political subdivision of this state that is responsible for providing education to children with disabilities. A.R.S. § 15-761

IDEA Part B Funds in Arizona

Section 611 – Subgrants to LEAs

Serves students ages 3–21

Section 611 of the IDEA (formerly called the IDEA Basic grant)

$221 million in FY25

638 public education agencies

Section 619 – Preschool subgrants to LEAs

Serves students ages 3–5, including Kindergarten

Section 619 of the IDEA (formerly called the IDEA Preschool grant)

$4.4 million in FY25

445 public education agencies

Allocation Calculation

IDEA Part B entitlement allocations consist of three parts (34 CFR 300.705)

1. Base amount
   - The amount the PEA would have received in the 1999–2000 school year if it had been in existence ($45.9 million)
   - New and expanding charters are calculated in the first year they have a SPED student, and the amount gets locked in
     - ADE is required to track the students entering these entities and to apportion funds from the entities that sent them from the previous year that the charter opened or expanded
     - ESS October 1 Data Collection is used for this process

Allocation Calculation (continued)

2. Population amount

- 85% of any funds remaining after base allocation is allocated to PEAs, based on the relative numbers of children enrolled in public and private elementary and secondary schools within the PEA's jurisdiction

3. Poverty amount

- 15% of any funds remaining after base calculations is then allocated to PEAs in accordance with their relative numbers of children living in poverty, as determined by the state education agency (SEA)

Data Sources and Section 611 Amounts in FY25

Base	Population	Poverty
• $45,947,295 • October 1 Data Collection from ESS • Amount has been the same since the PEA's first year of operation or FFY 1999 • Can only be adjusted due to new, expanding, or closed charters	• $149,041,611 • OCT1- October 1 Enrollment Report • Prior Fiscal Year October enrollment of all students impacts the current fiscal year's allocation	• $26,301,461 • RBFINC – October 1 Result Based Funding Income Eligibility Report • Prior Fiscal Year data of students considered eligible for poverty supports such as FRL and Title I

Excess Cost Requirements

Excess Cost Requirements for IDEA

Excess costs are those costs for the education of an elementary school or secondary school student with a disability that are in excess of the average annual per student expenditure in a PEA during the preceding school year for an elementary or secondary school student. The PEA 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 for providing special education and related services.

Only allowable costs may be charged to the IDEA grants.

In the Absence of Special Education Needs, Would this Cost Exist?

If the answer is No,

Then the cost is an excess cost and may be eligible

If the answer is Yes,

Then the cost is not an excess cost and is not an allowable purchase with IDEA funds

Is this Cost Also Generated by Students Without Disabilities?

If the answer is No,

Then the cost is an excess cost and may be eligible

If the answer is Yes,

Then the cost is not an excess cost and is not an allowable purchase with IDEA funds

If it Is a Child-specific Service, Is the Service Documented in the Student's IEP?

If the answer is Yes,

Then the cost is an excess cost and may be eligible

If the answer is No,

Then the cost is not an excess cost and is not an allowable purchase with IDEA funds

How Does a SPED Director Plan a Budget?

- Work closely with your Business Manager

- Know your MOE Compliance spending amounts

- Evaluate your needs for staff, services, and supplies/equipment

- Determine which funding source may be used to pay for a given cost

- Consider additional funding sources
  - Desegregation funds
  - Impact Aid
  - Medicaid School-Based Claims
  - ESS Claims (High-Cost Child)

How Does a PEA Prioritize Spending?

1. State and local funds
   (M&O funds that are used to calculate IDEA Maintenance of Effort)

2. IDEA 619 carryover funds (ages 3–5)

3. IDEA 611 carryover funds (ages 3–21)

4. IDEA 619 current year allocation

5. IDEA 611 current year allocation

6. Additional ESS funds (High-Cost Child)

Allowable Costs

Common Budget Requests

Allowable Costs Under the IDEA Guide

Visit the ESS Program Management website to download the [Allowable Costs Under the IDEA guide](#).

The [FY2026 IDEA Funding Application webinar](#) will be held on February 11.

Personnel and Contracted Vendors

- Special Education Certified Teachers

- Instructional Assistants working under the supervision of Special Education Certified Teachers

- Behavior Specialists

- Job Coaches

- Related Service Providers (Speech, Occupational and Physical Therapists)

- School Psychologists

- Substitute Teachers to cover for special education teachers during professional development or other training activities

- Audiologists

- Bus driver and/or monitors

- Educational Interpreters

- IEP Team Coordinators*

- Consultant Services*

*may require note about certification or licensure

Supplies and Equipment

- Assessments and evaluations to be administered by PEA staff or contracted vendors (tablets/devices are also permissible)

- Assistive Technology devices

- Apps (applications for devices such as tablets and laptop that are assistive technology)

- Maintenance of special education equipment

- Office equipment; allowed if the equipment is exclusively used by special education staff

- Accessible Playground Equipment; additional costs of making playground accessible to students with disabilities are allowed.

- Instructional supplies or software to supplement general education curriculum that aligns with students' IEP goals

- Software for IEP Development

- Child Find public awareness, notices, screening

Do not forget about the Capital Outlay Worksheet

Professional Development and Other Costs

- Registration fees, travel, and conference expenses associated with special education

- Crisis Prevention Training

- Memberships, dues, and fees to professional organizations

- Magazines, books, or online subscriptions for professional development

- Tuition paid to Approved Private Day Schools

IDEA Funds May **Not** Be Used to Purchase

- Classroom space rental

- District administrator salaries/benefits

- Seclusion rooms

- [Medicaid School-Based Services](#)

- Summer school that is not ESY

- Food, unless aligned to IEP for life-skills training

Due to restrictions of federal spending guidelines, these types of costs should be paid by a non-federal funding source (e.g., State aid)

USFR for Public Education Agencies

USFR for Charter Schools

This is the Uniform System of Financial Records for Arizona Charter Schools (effective 07/01/2021). The USFRCS is the accounting and financial reporting manual for Arizona charter schools.

USFR for Districts

This is the Uniform System of Financial Records for Arizona School Districts (effective 07/01/2024). The USFR is the accounting and financial reporting manual for Arizona district schools.

The USFR is followed for all funding applications in Grants Management.

Instructional Staff

Sec. 300.156 Personnel qualifications

Arizona Educator ID numbers are required on applications.

Budget narrative revisions are necessary throughout the project period if the PEA has shifts in personnel.

Educator ID numbers are 7 digits and found on the Public Educator Lookup.

ADE Certification
- Certificates and Requirements
- Endorsements

- Instructional staff paid by the grant will require the Educator ID number for:
  - Special education certified teachers
  - Instructional Assistants working under the supervision of special education certified teachers

- The Educator ID numbers will be validated by ESS Program Management Staff to verify that the instructional staff meet the requirements of IDEA personnel qualifications.

- "Special education teacher that holds a special education certificate" may be used as a placeholder until the position is filled, then a revision will be required to add the Educator ID number

Special Education Teachers 34 CFR § 300.156 (c)

The IDEA states "qualifications for special education teachers...

...must ensure that each person employed as a public school special education teacher in the State who teaches in an elementary school, middle school or secondary school–

(i)   Has obtained full State Certification as a special education teacher (including certification obtained through an alternate route to certification as a special educator...

(ii) Has not had any special education certification or licensure requirements waived on an emergency, temporary, or provisional basis;

(iii) Holds at least a bachelors degree."

Currently Arizona offers the following certificates and endorsements

Certificates

Early Childhood Special Education, Birth through Grade 3
Mild/Moderate Disabilities, K-12
Moderate/Severe Disabilities, K-12
Hearing Impaired Special Education, Birth-Grade 12
Visually Impaired Special Education, Birth-Grade12
Alternative Teaching

Endorsements
Mild/Moderate Disabilities, PreK-12
Moderate/Severe Disabilities, PreK-12

Special Education Teachers Budget Example

- 3 Certified Special Education teachers and 1 FTE Instructional Aide working under the direct supervision of a certified special education teacher

PEAs may opt to include a spreadsheet in the Related Documents section to show instructional aide/supervisor relationships

- 1 early childhood special education certified teacher (1234567) and 1 special education certified teacher (2345678)

- 1 special education teacher that holds a special education certificate (TBD)

- 1 instructional aide working under the direct supervision of a special education certified teacher (2345678)

Grant Writing Services

ADE/ESS no longer allows training or technical assistance on grant writing or to obtain federal funds.

- These are not driven or primarily bound to providing services to special education students within a classroom.
- These are general activities for PEAs and are services rendered regardless of whether the federal award is given or not.

Grant writing services and administration are not excess costs for special education. See 34 CFR § 300.208 Permissive use of funds.

Budget Narratives

- Specificity is important, but do not share PII

- Remember requirements of coding according to USFR/USFRCS

- Educator IDs must be updated before your reimbursement request in that function/object code

- The budget narrative should stand alone; all information relevant to the request should appear in the budget narrative, not just the Capital Outlay Worksheet

- Revise budget narratives as your scope of work changes

Professional Development Example

Example :

- 6300/2100: "Fees and travel costs for professional development for special education teachers"

- 6300/2100: "Substitutes for HQ special education teachers in the special education classroom"

2026 Budget Narrative:

- 6300/2100: "Registration fees for early childhood special education certified teacher to attend IDEA Conference"

- 6500/2100: "Travel costs to attend IDEA Conference: meals, mileage, and lodging"

- 6300/2100: "Substitutes to allow early childhood special education teacher to attend professional development; IDEA Conference

Contracted Services Example

Example :

- 6300/2100: "Contracted services to include Speech, OT, PT services and contracted SPED Compliance Specialist"

2026 Budget Narrative:

- 6300/2100: "Contracted services to include Speech, OT, and PT services"

- 6300/2100: "Contracted SPED Compliance Specialist, a special education certified teacher, who will be involved with compliance monitoring of our IEPs"

Supplies Example

Example :

- 6600/2100: "Funds used to pay for paper, binders, dividers, highlighters, folders, etc. used in the Special Education and Speech rooms"

2026 Budget Narrative:

- 6600/2100: "Funds used to pay for paper, binders, dividers, highlighters, folders, etc. used in the Special Education and Speech rooms to develop supplemental materials to align with students' IEP goals and send progress reports to families on IEP goals."

Software/APPs Example

Example :

- 6600/1000: "Student supplies to include computer program subscriptions."

- 6737/2100: "Annual subscription to IEP management software"

2026 Budget Narrative:

- 6600/1000: "Apps or software license subscriptions determine as Assistive Technology Considerations for students with disabilities (such as Co-write, Dragon Naturally Speaking, etc.) to align with their IEP goals"

- 6600/2100: Annual subscription to IEP management software

Which of These PEA Employees Can Be Funded Through IDEA Entitlement Funds?

🙂 Special Education Certified Teacher
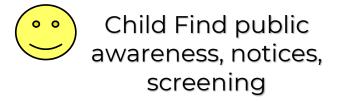
🚫 Principal

🚫 Federal Programs Director

🚫 Superintendent

🙂 Job Coaches

🙂 Speech-Language Pathologist

Which of these costs could be paid through IDEA entitlement funds?

Child Find public awareness, notices, screening

Automatic Door Openers

Contracted OT and PT services

Due Process Hearings

Software for IEP Development

Accessible playground equipment

Which of these costs can be proportionately funded through IDEA?

Crisis Prevention Training

PE Teachers

School Bus Drivers

Site-Based Councils

Adapted Furniture in General Education Classrooms

School-wide Staff Development Activities

Types of Budget Requests in IDEA Grants

Typical IDEA Activities

- Personnel and Contracted Vendors
- Supplies and Equipment
- Professional Development
- Other Costs

Specialized IDEA Activities

- Coordinated Early Intervening Services: IDEA funds may be used to pay for intervention strategies for non-disabled students, not to exceed 15% of FY26 allocation.
- Proportionate Share: IDEA funds are used to serve students with disabilities who have been parentally-placed in a non-profit private school or homeschool

Changes to Proportionate Share

FY2026 Proportionate Share Obligations for districts will be posted to the ESS Program Management website in February 2025.

Districts may only spend funds on equitable services for parentally-placed private school (homeschool) students with disabilities.

Review the [Q&A on Serving Children with Disabilities Placed by Their Parents in Private Schools](#) (February 2022).

Visit the [ESS Program Management web page](#) to download materials from the Proportionate Share and October 1 Data Collection webinar.

[Email ESS Data Management](#) for assistance on how to report your parentally-placed private school students.

Proportionate Share Example

Example :

- 6300/2100: "Proportionate Share: equitable services for private school students: speech and academic supports"

2026 Budget Narrative:

- 6300/2100: "Proportionate share: Contracted related services such as speech and OT for SPED eligible private school students on ISPs"

- 6300/1000: "Proportionate share: contracted special education certified teacher (9012345) to provide specially designed instruction to eligible private school students on ISPs"

Proportionate Share Amounts and Carryover

Proportionate Share Obligations will be posted on the 2026 Preliminary Allocations workbook by March 2025 on the ESS Program Management web page.

Proportionate Share Obligations must be expended by the end of September 2025; if not, a one-year carryover of funds must be used.

If funds are not fully expended by September 2026, the remaining funds must be returned to the U.S. Department of Education.

34 CFR § 300.133 (a) (3)

If an LEA has not expended for equitable services all of the funds described in paragraphs (a)(1) and (a)(2) of this section by the end of the fiscal year for which Congress appropriated the funds, the LEA must obligate the remaining funds for special education and related services (including direct services) to parentally-placed private school children with disabilities during a carry-over period of one additional year.

34 CFR § 300.133 (d)

Supplement, not supplant. State and local funds may supplement, and in no case supplant, the proportionate amount of Federal funds required to be expended for parentally-placed private school children with disabilities under this part.

Coordinated Early Intervening Services

PEAs flagged to be significantly disproportionate will be required to spend 15% of the FY26 IDEA allocation on Comprehensive Coordinated Early Intervening Services (CCEIS).

PEAs who voluntarily participate in Coordinated Early Intervening Services (CEIS) may spend up to 15% of the FY26 IDEA allocation on these activities.

- ADE CEIS
- May 2019 Reporting Memo
- Technical Assistance Manual on Coordinated Early Intervening Services
- Comparison of CEIS and CCEIS

CEIS Example

Example :

- 6100/1000: Salary for reading intervention specialist

2026 Budget Narrative:

- 6100/1000: "CEIS: Salary for 1 reading intervention specialist to work with general education students in 1st–3rd grades through the district-wide MTSS framework"

ESS Program Management Webinars

- FY26 IDEA Funding Application <u>February 11, 2025</u>, 1:30 – 2:30 p.m.

- Maintenance of Effort <u>March 4, 2025</u>, 11:00 a.m. – 12:30 p.m.

- Special Education Funding: How, When, and In What Order to Spend? <u>April 8, 2025</u>

- Fiscal Year Wrap-Up <u>May 13, 2025</u>

Program Management Office Hours

ESS Office Hours

ESS Program Management will also host Office Hours on Tuesday afternoons at 1:00 p.m. PEAs are invited to attend these informal Zoom meetings to bring questions directly to their program specialist.

January 21, 2025

February 18, 2025

March 18, 2025

April 15, 2025

May 20, 2025

Contact Us

ESS Program Management:
www.azed.gov/specialeducation/operations

ESS Program Management Inbox: essprogmgmt@azed.gov

Director of Finance:

Candice Trainor 602-542-3398

PEA Name Starts With	Program Specialist	Number
A - B, V - Z	Nancy Chavarin	602-542-3270
C - H	Maria Durazo	602-542-3057
I - M	Tanya Rodriguez	602-542-4610
N - U	Carol Bush	602-542-0709