

Louisiana Department of Education (LDOE)*Implementing Excess Costs Calculation**Re: Appendix A to Part 300 - Individuals with Disabilities Education Act (IDEA)***Background:**

Amounts provided to an LEA under Part B of the Individuals with Disabilities Education Act (herein referred to as the Act) 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 for the



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tion of an elementary school or secondary school student with a disability that are in excess of the average annual per student expenditure in an LEA during the preceding school year for an elementary or secondary school student, as may be appropriate. 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. Guidance for calculation of this minimum expenditure per elementary school or secondary school disabled child is provided within Appendix A to Part 300 of the Act (*Attachment 1*).

Sources of Data:

The *Annual Financial Report (AFR) System* is LDOE's primary source of revenue and expenditure data from the individual public school districts. Expenditures are summarized and collected at the LEA (i.e., district) level using 773 individual combinations of object and function codes. **Object code** identifies the category of the expenditure summary: e.g., salary, benefit, advertising, travel reimbursement, etc.; while the **function code** defines the functional area to which the expenditure summary applies: e.g., regular education, special education, transportation, plant operations, etc. Each of the general functional areas is assigned a **group code** which relates to the related **functional code series** (see *Attachment 2*). Total expenditures for each AFR expenditure summary record are separated between six monetary fields which allow identification of amounts applicable to state/local expenditures, Federal expenditures, and/or debt service/capital project expenditures. Each record also contains a flag (Y=Yes; N=No) identifying which expenditure summaries depict capital outlays.

A second source of district expenditure data is the *Integrated Statewide Information System (ISIS)*, wherein the LDOE maintains a record of receipts, obligations, expenditures, and/or reimbursements for Federal funds such as *IDEA, Part B; ESEA, Title I; and ESEA, Title III, Parts A & B*.

Enrollment data for the State's public school students are captured via the *Student Information System (SIS)* database, which also provides counts of students with limited English proficiency (*LEP*) and those eligible for free or reduced lunches. Special education student enrollment data are available from the separately-reported *Special Education Report (SER)* database, previously called *LANSER*. Identification of schools having *Title I* schoolwide or targeted assistance programs is available from the *Sponsor/Site (SPS)* database.

Distribution of Prior Year Expenditures:

Described below are steps by which expenditures within each district's AFR report are distributed between the district's elementary school and secondary school populations. Applicable source data are: the prior year SIS report (average annual elementary/secondary enrollment, limited English proficiency counts, Title I counts, and free/reduced lunch eligibility); the prior year AFR report (expenditures); and, both the prior and current year SER reports (elementary/secondary special education student counts).

For purposes of excess costs calculations, LDOE has defined secondary school enrollment as being those students reported in *grades nine through twelve*, while elementary school enrollment consists of the students reported in all remaining grades.

Step 1.

As shown in *Attachment 3*, each reported expenditure (object-function combination within an LEA's AFR report) is assigned an "IDEA Key" classifying the expenditure as relating to regular education (*Reg*), special education (*SpEd*), limited English proficiency (*EngPro*), and disadvantaged students (*DisAdv*).

Certain of the functional areas may have reported salaries that fall into more than one classification (e.g., *Reg and SpEd*; *Reg and EngPro*). In these cases, the benefits, sabbatical leave, and/or certain other salary-related expenditures are assigned an interim IDEA Key of "*MIX*" to allow subsequent prorating of these expenditures based upon salary percentages.

Each expenditure object-function combination is also flagged as to the method by which the expenditure is identifiable to elementary school students or secondary school students, that is: Elementary (by definition), secondary (by definition), prorated by student counts (SIS, SER, or LEP), or prorated by elementary/secondary salary totals.

Step 2.

Student enrollment data are obtained from the appropriate student databases (i.e., SIS and SER) and the various elementary/secondary enrollment percentages calculated for each school district (see *Attachment 4*). *Note: The "Title I" enrollment percentages are determined from the SIS database using the entire enrollment for schools identified as "Title I - School-wide," plus the free/reduced-lunch-eligible student enrollment at "Title I - Targeted Assistance" schools.*

Step 3.

a. First, each LEA's expenditures are distributed (by IDEA Key) between regular education, special education, limited English proficiency, and disadvantaged students as shown in *Attachment 5*; and

b. Second, each LEA's regular education, special education, limited English proficiency, and disadvantaged student expenditures are further distributed into the categories of elementary school and secondary school as shown in *Attachment 6*. *Note: Proration by salary totals is not attempted until after classification to elementary or secondary expenditure is completed by all the other methods (i.e., defined as elementary or secondary; prorated by SIS, SER, or LEP student counts).*

Complete the Excess Costs Calculation Spreadsheet:

Arrange the summarized and prorated expenditures for each LEA into the Excess Costs Calculation formats as shown in Example #1 (School District "A") and Example #2 (School District "B"). Apply the following instructions separately for the elementary school and secondary school sections of the spreadsheet:

Line A-1 thru Line A-28:

All expenditures (i.e., *state/local, Federal, and debt service/capital project funds*) that contain a Capital Outlay flag of **Y=Yes**, together with the *debt service/capital projects* amounts from all expenditures having a Capital Outlay flag of **N=No**, will be totaled and entered as *Line A-28* (depicted in examples as *3_DebtSvc/CapOutlay*). IDEA Key "*DS/Cap*" is assigned to this summary total.

The *state/local and Federal* amounts from expenditure records containing *object codes* 300 through 999, and having Capital Outlay flag of **N=No**, will be summarized by IDEA Key (i.e., *Reg, SpEd, EngPro, and DisAdv*) as *Line A-24, Line A-25, Line A-26, and Line A-27 (2_OtherExpenditures)*.

The *state/local and Federal* amounts from salary (*object code = 100 series*) and benefits (*object code = 200 series*) expenditure records having a Capital Outlay flag of **N=No** will be summarized by *Group Code* and IDEA Key in *Lines A-1 through A-23 (1_Salary/Benefits)*.

Line B, Total Prior Year Expenditures: Calculate *Total Prior Year Expenditures* (i.e., sum of *Lines A-1 thru A-28*) and enter as *Line B* of the spreadsheet. This entry equates to the "Total Expenditures" depicted in the IDEA, Part 300, Appendix A example at top of third column, Page 46813, *Attachment 1*.

Line C, Capital Outlay & Debt: Obtain amounts (i.e., *state/local, Federal, and debt service/capital project*) from *Line A-28* and enter as *Line C, Capital Outlay & Debt*. These represent capital outlay and debt services expenditures which the Act (*Attachment 1*) excludes from the excess costs calculation.

Line D, Total Expenditures Less Capital Outlay & Debt: Subtract *Line C (Capital Outlay & Debt)* from *Line B (Total Prior Year Expenditures)* and enter as *Line D*.

Other Deductions, Lines E-1 thru E-4:

The instructions for excess costs calculation (see: *Sub-Para b, third column, Page 46813, Attachment 1*) state the LEA must subtract from total expenditures any amounts spent for: (a) *IDEA, Part B* allocation; (b) *ESEA, Title I, Part A* allocation; (c) *ESEA, Title III, Parts A and B* allocation; (d) state or local funds for children with disabilities; and (e) state or local funds for programs under *ESEA, Title I, Part A, and Title III, Parts A and B*.

The structure of the AFR report, and the selected object-function code combinations used therein, do not provide the level of detail needed to separate out all Federal expenditures applicable to the specific IDEA or ESEA allocations in (a) thru (c), above; therefore, the fund accounting and project management capabilities of ISIS are used as the source for these three expenditure totals. The AFR expenditure data remain the source for the two other types of deductions.

Line E-1, PY Expended From IDEA, Part B Allocation: Obtain each LEA's prior year *IDEA, Part B* expenditures from *ISIS*, distribute these Federal expenditures between elementary school and secondary school student populations using percentages from the LEA's prior year *special education enrollment*. Enter results at *Line E-1*.

Line E-2, PY Expended From ESEA, Title I, Part A Allocation: Obtain each LEA's prior year *ESEA, Title I, Part A* expenditures from *ISIS*, distribute these Federal expenditures between elementary school and secondary school student populations using the LEA's prior year "*Title I enrollment*" percentages, that is: the total enrollment of schools assigned Program Code 25 (*Title I-Schoolwide*) and the total of free/reduced-lunch-eligible students at schools assigned Program Code 26 (*Title I-Targeted Assistance*). Enter results at *Line E-2*.

Line E-3, PY Expended From ESEA, Title III, Part A & B Allocation: Obtain each LEA's prior year *ESEA, Title III, Part A & B* expenditures from *ISIS*, distribute these Federal expenditures between elementary school and secondary school student populations using the LEA's prior year enrollment of students identified within *SIS* as having *limited English proficiency (LEP)*. Enter results at *Line E-3*.

State and local expenditures for special education students, and those supporting programs under Title I and/or Title III, fall into two major categories. The first category includes state and local expenditures under AFR object-function combinations that are directly identified (by *IDEA Key, Attachment 3*) as being for special education, English language acquisition/enhancement, or improving education for the disadvantaged. The second category consists of expenditures providing a general service in which special education students are a direct and quantifiable participant or beneficiary. Examples of the second category would be the "mainstreaming" of special education students into regular education classrooms; and special education students who ride the same school buses as regular education students. *The first category of state and local expenditures is calculated and entered at Line E-4* (next paragraph); the second category is addressed within the procedures for *Line W-1* through *Line Z*.

Line E-4, Direct State/Local Expenditures for Sp Ed, Title I, & Title III: This entry consists of Salary/Benefits and Other Expenditures that: a) have Capital Outlay flag of **N=No**; and b) are identified within Appendix 3 as pertaining to special education (*IDEA Key=SpEd*), to limited English proficiency (*IDEA Key=EngPro*), or to disadvantaged students (*IDEA Key=DisAdv*). Sum the *state and local expenditure amounts* for these IDEA Keys (i.e., *Lines A-3, A-8, A-9, A-11, A-13, A-19, A-25, A-26, and A-27*); then enter the results at *Line E-4*.

Line F, Total Expenditures For Sp Ed and Related Services: Sum the state, local, and Federal expenditures from Other Deductions (Lines E-1 thru E-4) and enter the results as Line F.

Line G, Total Expenditures Excluding Capital Outlay, Debt, Sp Ed & Related Services: Subtract Line F (Total Expenditures For Sp Ed and Related Services) from Line D (Total Expenditures Less Capital Outlay & Debt) and enter the results as Line G.

Note: The amount calculated as Federal expenditures for Line G may, in some cases, be negative because: 1) Some Federal expenditures obtained from ISIS (see Lines E-1 thru E-3) are reimbursements of earlier expenditures; and 2) the AFR accounting cycle (July 1 - Jun 30) differs from the Federal accounting cycle replicated for these ISIS data.

Line H, Average Prior Year Student Enrollment: Obtain the prior year elementary student and secondary student enrollment counts from SIS. Enter applicable enrollment (elementary or secondary) at Line H.

Line I, Average Annual Per Pupil Expenditure (APPE): Divide the amount from Line G (Total Expenditures Excluding Capital Outlay, Debt, Sp Ed & Related Services) by the student count from Line H (Average Prior Year Student Enrollment). Enter the results at Line I.

Line J, Current Year Special Ed Students: Obtain the current year special education elementary student and secondary student enrollment counts from SER. Enter applicable enrollment (elementary or secondary) at Line J.

Line K, Minimum Required State/Local Expenditures (Sp Ed): Multiply the amount from Line I (Average Annual Per Pupil Expenditure, APPE) by the student count from Line J (Current Year Special Ed Students). Enter the results at Line K. The amount obtained through this computation is the minimum amount the LEA must spend for the education of its students with disabilities (elementary or secondary, as applicable) in order to use IDEA, Part B funds for that student population.

Line L, Total State/Local Special Education Expenditures: Sum the state and local expenditures for the Salaries/Benefits and Other Expenditures having IDEA Key=SpEd (i.e., Lines A-3, A-11, A-13, A-19, & A-25) and the amounts from Line Z (Other State/Local Expenditures for Sp Ed Students). Enter the results at Line L.

Line M, Excess (Deficiency) of State/Local Sp Ed Expenditures: Subtract Line K (Minimum Required State/Local Expenditures (Sp Ed)) from Line L (Total State/Local Special Education Expenditures) and enter the results as Line M. If the resulting Line M is greater than zero, the LEA has met or exceeded the minimum required state/local expenditures for special education students (elementary or secondary, as applicable). A negative result means the LEA has failed to meet the minimum state and local special education expenditures required to obtain/use IDEA, Part B funds for that special education student population.

Calculation of Other State/Local Expenditures For Sp Ed Students:

The state and local expenditures (non-capital outlay) which can be directly assigned to special education functions (re: IDEA Key = *SpEd, Attachment 3*) are already included within the amounts entered at *Line E-4 (Direct State/Local Expenditures for Sp Ed, Title I, & Title III)*. However, there are other state and local expenditures for the overall school population wherein the special education student participation and/or benefit is quantifiable; thus, allowing identification of that portion of the expenditures considered *expended for children with disabilities*. Two such quantifiable areas of special education student participation or benefit are: the "mainstreaming" of special education students into regular classrooms; and the special education students who ride "regular transportation" buses. Expenditures within other areas may be included as the excess costs calculation process matures and/or collection of LEA fiscal data is refined.

Mainstreaming Special Education Students & Regular Bus Ridership:

Determining the amount of "regular" expenditures which should be attributed to ***mainstreamed special education students*** requires a calculation similar to that for the overall *average annual per pupil expenditure (APPE)*, except that: only state and local expenditures are used; and any regular transportation expenditures are excluded since use of regular transportation by special education students is a quantifiable area which can be more directly "costed" separately. The degree by which each mainstreamed special education student should share the calculated per pupil expenditure total is determined by the student's IDEA Placement Determination Code within the SER database. The placement codes (see Attachment 7) identify *mainstreamed* special education students who are assigned inside regular classrooms: a) 80% or more of the day; b) 40%-to-79% of the day; and c) less than 40% of the day. For purposes of these calculations, the mid-range percent for each of the three ranges was used, i.e., 90%, 60%, and 20%, respectively. Calculation and entry of data into the spreadsheet is a follows:

Line W-1, Total State/Local Expenditures Less Capital Outlay & Debt: Enter the state and local expenditures from *Line D (Total Expenditures Less Capital Outlay & Debt)* as *Line W-1*.

Line W-2, Direct State/Local Expenditures - Sp Ed, Title I, & Title III: Enter the state and local expenditures from *Line E-4 (Direct State/Local Expenditures for Sp Ed, Title I, & Title III)* as *Line W-2*.

Line W-3, State/Local Salary & Benefits - Reg Ed Transportation: Enter the state and local expenditures for regular student transportation from *Line A-18 (Salary/Benefits; Group = 1234; IDEA Key = Reg)* as *Line W-3*.

Line W-4, Other State/Local Expenditures - Reg Ed Transportation: From within the "raw" data supporting amounts entered at *Line A-24 (Other Expenditures; IDEA Key = Reg)*, total the state and local expenditures for Student Transportation (Goup Code = 1234). Enter the results as *Line W-4*.

Mainstreaming Special Education Students & Regular Bus Ridership: (continued)

Line W-5, Adjusted State/Local Expenditures: Reduce the state and local expenditures in Line W-1 (*Total State/Local Expenditures Less Capital Outlay & Debt*) by the sum of state and local expenditure adjustments in Line W-2, Line W-3, and Line W-4. Enter the results as Line W-5, *Adjusted State/Local Expenditures: Exclude Reg Trans, Cap Outlay, Debt, SpEd, Title I & Title III*.

Line X, State/Local Per Pupil Expenditures w/o Reg Trans & Sp Ed: Divide the Adjusted State/Local Expenditures from Line W-5 by the prior year student enrollment counts at Line H. The resulting per pupil expenditure is entered as Line X for subsequent use in determining the amount of regular education expenditures applicable to mainstreamed special education students.

Line Y-1, Mainstreamed 80% or More of Day: Determine the number of special education students reported in SER as being mainstreamed 80% or more of the day (Placement 01, 07, 11, 12, or 15); multiply this student count by the adjusted per pupil expenditure at Line X; then, multiply the previous product by 90% (mid-range for this category) and enter the resulting expenditures at Line Y-1.

{80% Mainstreamed Student Count X 0.90 X State/Local Per Pupil Expenditures w/o Reg Trans & Sp Ed}

Line Y-2, Mainstreamed 40%-to-79% of Day: Determine the number of special education students reported in SER as being mainstreamed 40%-to-79% of the day (Placement 02, 13, or 16); multiply this student count by the adjusted per pupil expenditure at Line X; then, multiply the previous product by 60% (mid-range for this category) and enter the resulting expenditures at Line Y-2.

{40-79% Mainstreamed Student Count X 0.60 X State/Local Per Pupil Expenditures w/o Reg Trans & Sp Ed}

Line Y-3, Mainstreamed Less Than 40% of Day: Determine the number of special education students reported in SER as being mainstreamed less than 40% of the day (Placement 03 or 17); multiply this student count by the adjusted per pupil expenditure at Line X; then, multiply the previous product by 20% (mid-range for this category) and enter the resulting expenditures at Line Y-2.

{.LT. 40% Mainstreamed Student Count X 0.20 X State/Local Per Pupil Expenditures w/o Reg Trans & Sp Ed}

Line Y-4, Special Ed Ridership of Regular Transportation: Determine (separately for elementary and secondary student populations) what percent of regular transportation bus riders (*public and nonpublic students*) are special education students. Multiply the resulting percentage by *total state/local regular transportation salaries, benefits, and other expenditures* (i.e., sum of entries at Lines W-3 and W-4); then, enter product as Line Y-4.

Line Z, Other State/Local Expenditures For Special Education Students: Sum the state and local expenditure adjustments calculated for mainstreaming special education students (Lines Y-1, Y-2, Y-3) and adjustments for special education riders of regular transportation (Line Y-4); then enter the resulting total (a) as Line Z and (b) within the overall totals on Line L.