

Examples of Adjustments to IDEA Subgrant Base Payments for Local Educational Agencies

CIFR Practice Guides assist states and other stakeholders to better understand how states may implement fiscal reporting requirements set forth in the Individuals with Disabilities Education Act (IDEA). The guides may be developed in collaboration with other national technical assistance centers. This informal guidance does not represent an interpretation of IDEA by the Office of Special Education Programs (OSEP) or the U.S. Department of Education.

Purpose

The purpose of this practice guide is to provide examples of how states may make adjustments to IDEA subgrant base payments for local educational agencies (LEAs). The guide describes 12 scenarios exemplifying four different types of circumstances that require base payment adjustments. The guide is not intended to address all possibilities, nor do the guide's calculations replace any guidance provided by OSEP. States should review the example scenarios as suggestions only. If you have questions or encounter scenarios not covered here, please reach out to CIFR (cifr_info@wested.org) for assistance.

Background

The federal government provides funding through two types of IDEA Part B grants to states and territories. Every eligible state or territory receives an annual federal grant under IDEA, called a section 611 grant, to support special education and related services for children ages 3 through 21. All 50 states (as well as the District of Columbia and Puerto Rico) also receive section 619 grants, which are IDEA funds to support the education of children ages 3 through 5.

Each state educational agency (SEA) must reserve a portion of its section 611 grant for specific state-level activities and may set aside additional section 611 and section 619 funds for administrative and other state-level activities (see 34 CFR §§300.704 and 300.812–300.814). After reserving grant funds for state-level activities, SEAs must use a specific formula to allocate the remaining funds as subgrants to LEAs, including charter schools that are LEAs. This formula, required by the regulations, specifies a base payment amount and amounts that are determined by population and poverty measures for each LEA.

The Center for IDEA Fiscal Reporting helps states improve their capacity to report special education fiscal data. The center is a partnership among WestEd, American Institutes for Research (AIR), Technical Assistance for Excellence in Special Education (TAESE) at Utah State University, and Westat.

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The formula is applied separately to the section 611 and section 619 subgrants (see 34 CFR §§300.705 and 300.815–300.816).

IDEA and its regulations at 34 CFR §§300.705(b)(1) and 300.816(a) define base payments as the amounts LEAs would have received if the SEA had distributed 75 percent of the state's federal fiscal year (FFY) 1999 section 611 grant and 75 percent of the state's FFY 1997 section 619 grant. The total statewide base payment amounts will not change.¹ However, the individual LEA base payment amounts must be adjusted under specific circumstances.

IDEA regulations at 34 CFR §§300.705(b)(2) and 300.816(b) require that the base payment be adjusted when the following occur:

- 1) A new LEA, including a new charter school LEA, is created.
- 2) Two or more LEAs combine into a new, single LEA.
- 3) Two or more LEAs change geographic boundaries or administrative responsibility for providing services to children ages 3 through 21 for section 611, or to children ages 3 through 5 for section 619 (including as a result of one or more of the LEAs closing).
- 4) An LEA that had a base payment of \$0 in its first year of operation (because it did not serve children with disabilities) now does serve children with disabilities.

SEAs must ensure that new and expanding charter schools that meet the definition of an LEA at 34 CFR §300.28 and have established eligibility for IDEA funds receive the federal formula funds for which they are eligible. For this reason, to illustrate the third circumstance listed above, the guide includes scenarios related to charter school LEAs that close or significantly expand their enrollment.²

After setting aside funds for state-level activities and making base payments (including adjustments to these base payments as needed), the SEA must allocate 85 percent of the remaining funds to LEAs based on the relative numbers of children enrolled in public and private elementary schools and secondary schools within the LEA's jurisdiction. The remaining 15 percent of funds are allocated to LEAs according to their relative numbers of children living in poverty, as determined by the SEA (see 34 CFR §§300.705(b)(3) and 300.816(c)).

This guide deals exclusively with adjustments to the base payments to LEAs.

States must provide section 619 subgrants to LEAs that serve children ages 3 through 5 and have submitted approvable subgrant applications. Because the subgrants are made based on the ages of children served, not grade levels, LEAs do not need to have preschool programs in order to be eligible for 619 subgrants. **If an LEA could serve 5-year-old students in kindergarten, regardless of whether the children have disabilities, the LEA is eligible for a section 619 subgrant.** However, if an LEA is not responsible for educating children ages 3 through 5, such as an LEA with only a high school, it is not eligible for a section 619 subgrant.

1 The amounts of states' FFY 1999 section 611 grant awards and FFY 1997 section 619 grant awards can be found online at <https://www2.ed.gov/about/overview/budget/history/sthistbypr97to99.pdf>, pages 18 and 19.

2 See 20 U.S.C. §7221(e), the U.S. Department of Education's Nonregulatory Guidance: Allocating Federal Funds to Charter Schools (<https://www2.ed.gov/policy/elsec/guid/cschoools/cguidedec2000.pdf>), and the Office of Special Education and Rehabilitative Services (OSERS) Frequently Asked Questions about the Rights of Students with Disabilities in Public Charter Schools under the Individuals with Disabilities Education Act (<https://www2.ed.gov/policy/speced/guid/idea/memosdcltrs/faq-idea-charter-school.pdf>).

Terminology used in this guide

- » **Affected LEA** is an LEA that is affected by one of the circumstances requiring a base payment adjustment. Each such circumstance involves the transfer of responsibility to provide a free appropriate public education (FAPE) to children with disabilities away from one or more Transferring LEAs to one or more Assuming LEAs. Both the Transferring and Assuming LEAs are the Affected LEAs.
- » **Assuming LEA** is an Affected LEA that assumes responsibility from a Transferring LEA to provide FAPE to children with disabilities.
- » **Base payment per child** is the amount that results from dividing the most recent base payment amount in an LEA or group of LEAs by its number of children with disabilities. The number of children with disabilities used in this calculation differs according to the method used, as explained in the methods section and specific scenarios. Base payments per child generally change over time as child counts change, even when base payments are **not** adjusted. For example, if an LEA's base payment was \$69,000 and the LEA had 100 children with disabilities when the current funding formula was put into place, the LEA's original base payment per child was \$690. Assuming no base payment adjustment, but the LEA's child count subsequently decreased from 100 to 60, its base payment would still be \$69,000, but its base payment per child would be \$1,150.
- » **Child count** is the number of children with disabilities served by the LEA, based on the official, federally required data reported to the state by each LEA. The guide uses the term **current child count** to refer to the child count in the school year in which a new LEA is opening or another base payment adjustment applies. If a charter school LEA opens or significantly expands, the child count from that school year must be used.
- » **Section 611** of IDEA authorizes grants to SEAs and subgrants to LEAs to support special education and related services for children with disabilities ages 3 through 21.
- » **Section 619** of IDEA authorizes grants to SEAs and subgrants to LEAs to support special education and related services for children with disabilities ages 3 through 5, including children served in preschool programs and 5-year-old students served in kindergarten.
- » **Transferring LEA** is an Affected LEA that transfers responsibility to an Assuming LEA to provide FAPE to children with disabilities.

Base payment adjustment methods

When a base payment adjustment is required as described by 34 CFR §§300.705(b)(2) and 300.816(b), an SEA must redistribute the base payments among the Affected LEAs. IDEA regulations do not detail a specific method for making these adjustments. This practice guide describes and provides examples for the following two suggested methods that an SEA may use to redistribute the base payments:

- » Method A: Individual adjustment for each Affected LEA (Individual Adjustment).
- » Method B: Group adjustment for all Affected LEAs (Group Adjustment).

States should choose one method and use it consistently across LEAs and over time. For some scenarios, including when a new LEA is formed and only draws from one Transferring LEA, the results of the two methods will be the same. States should document the method chosen, the steps followed, and the rationale for the decision in the base payment adjustment section of their written procedures for allocation of IDEA Part B subgrants to LEAs.

Method A: Individual adjustment

This method calculates each Affected LEA's base payment adjustment separately. For each Transferring LEA, the method calculates the amount of the base payment that must be redistributed to the Assuming LEA. The amount of the adjustment is based on the number of children with disabilities for whom responsibility changes due to the circumstance.

Reduction of a Transferring LEA's base payment. When responsibility for one or more children with disabilities transfers away from an LEA under any of the required circumstances, the SEA adjusts the Transferring LEA's base payment — separately for IDEA section 611 and section 619 — by:

- 1) Counting the children with disabilities for whom that LEA would have been responsible in the absence of the circumstance that required the base payment adjustment (this is the sum of the current child count **and** the number of children with disabilities for whom the responsibility transferred).
- 2) Creating a current base payment per child by dividing the LEA's most recent base payment by the number of children with disabilities for whom that LEA would have been responsible in the absence of the circumstance (from Step 1).
- 3) Multiplying the number of children with disabilities for whom responsibility transferred by the LEA's base payment per child (from Step 2).
- 4) Subtracting that amount from the Transferring LEA's base payment.

These steps are completed separately for each LEA in which responsibility for one or more children with disabilities is being transferred to another LEA.

Increase to an Assuming LEA's base payment. When responsibility for one or more children with disabilities is assumed by an LEA under any of the required circumstances, the SEA adjusts the Assuming LEA's base payment — separately for IDEA section 611 and section 619 — by:

- 1) Multiplying the number of children with disabilities for whom responsibility is assumed by the LEA by the Transferring LEA's current base payment per child (from Step 2 above).
- 2) Adding the result to the Assuming LEA's prior base payment.

These steps are completed separately for each LEA that is assuming responsibility for one or more children with disabilities from another LEA.

The Individual Adjustment method will often result in different base payments per child for each of the Affected LEAs.

Method B: Group adjustment

This method adjusts the base payments for all LEAs, as a group, that are affected by a common circumstance, rather than calculating individual base payment adjustments for each LEA. Under this method, base payments are redistributed across a group of Affected LEAs based on the combined current child counts and combined base payments.

In a given year, there may be multiple groups of Affected LEAs. A group of three LEAs may be affected by a newly opened charter, and a second group of two LEAs may be affected by a significantly expanding charter. Each group is treated separately in the following calculations and in the scenarios in this guide.

For each group of Affected LEAs, the SEA calculates a single base payment per child by:

- 1) Aggregating the count of children with disabilities for whom all of the Affected LEAs in the group are now responsible. This is the aggregate child count across all Affected LEAs in the year of the base payment adjustment.
- 2) Aggregating the most recent base payments for all Affected LEAs in the group into a total base payment amount across all Affected LEAs.
- 3) Creating a base payment per child by dividing the aggregate base payment amount (from Step 2) by the aggregate child count for those LEAs (from Step 1).

For each Affected LEA in the group, the SEA calculates an adjusted base payment by:

- 4) Multiplying the current child count in each LEA by the base payment per child (from Step 3).

The Group Adjustment method will result in an equal base payment amount per child for all Affected LEAs in the group for the year that the base payment adjustment is made.

About the scenarios in this practice guide

This practice guide describes scenarios reflecting circumstances for which a base payment adjustment is required, including for new and significantly expanding charter schools that meet the definition of an LEA at 34 CFR §300.28. The guide also provides sample methodologies for making the adjustments. The general approach is the same for base payment adjustments for section 611 and section 619, except where differences are specifically noted.

The methods and scenarios described in this practice guide apply to new and significantly expanding charter school LEAs. The Charter School Expansion Act of 1998 established the requirement that new and expanding charter schools receive the federal formula funds for which they are eligible. The requirements for base payment adjustments apply to charter school LEAs that are new or experience a significant expansion in enrollment, as defined at 34 CFR §76.787. See also the responses to questions 78–80 in the U.S. Department of Education's December 2000 guidance and questions 38–40 in the OSERS guidance cited in footnote 2 of this practice guide.

SEAs should consider timing and available data when carrying out the calculations. Initially, calculations to estimate adjustments may rely on child counts from the prior year because current year child count data are not yet available. For new and significantly expanding charter schools, initial adjustments may be based on projected child counts. When actual child count data are available, the adjustments should be finalized. Base payment adjustments may be made throughout the year, up until the allocation is made for the following year. For simplicity, this practice guide focuses on the mechanics of the base payment adjustment calculations and assumes that final child count data are available for the scenarios' hypothetical Affected LEAs.

The numbers in this guide's examples are rounded to the penny for readability, even though multiple digits should be used in the actual calculations. States should establish procedures for making the calculations, including establishing rounding conventions that prevent over- or under-allocating the total statewide base payment amount, which should not change.

1. Scenarios related to the creation of a new LEA

The scenarios in this section illustrate how an SEA might make base payment adjustments when a new LEA is created. As described in the section “About the scenarios in this practice guide,” an SEA may need to use projected child counts when estimating the initial base payment adjustment for a new charter school LEA.

For section 611: 34 CFR §300.705(b)(2)(i)

“If a new LEA is created, the State must divide the base allocation determined under paragraph (b)(1) of this section for the LEAs that would have been responsible for serving children with disabilities now being served by the new LEA, among the new LEA and Affected LEAs based on the relative numbers of children with disabilities ages 3 through 21, or ages 6 through 21 if a State has had its payment reduced under §300.703(b), currently provided special education by each of the LEAs.”

For section 619: §300.816(b)(1)

“If a new LEA is created, the State must divide the base allocation determined under paragraph (a) of this section for the LEAs that would have been responsible for serving children with disabilities now being served by the new LEA, among the new LEA and Affected LEAs based on the relative numbers of children with disabilities ages three through five currently provided special education by each of the LEAs.”

Scenario 1.1: New charter school LEA opens, assuming responsibility for serving children with disabilities from three Transferring LEAs.

A new charter school LEA opens, serving grades K through 8, with 20 children with disabilities ages 7 through 14. Three separate LEAs would have been responsible for serving these 20 children with disabilities (10 from LEA X, 6 from LEA Y, and 4 from LEA Z). The most recent section 611 base payments and counts of children with disabilities ages 3 through 21 for the current year for each Affected LEA are listed in this scenario’s tables.

Calculation for section 611 adjusted base payment:

Table 1.1-a. Method A: Individual Adjustment

Transferring LEA	Most recent section 611 base payment of Transferring LEA	Current child count (ages 3–21) of Transferring LEA	Count of children (ages 3–21) transferred to Assuming LEA	Base payment per child for Assuming LEA	Amount reallocated for Assuming LEA	Adjusted base payment of Transferring LEA
A	B	C	D	E (B / (C + D))	F (E x D)	G (B – F)
LEA X	\$150,000.00	90	10	\$1,500.00	\$15,000.00	\$135,000.00
LEA Y	\$80,000.00	50	6	\$1,428.57	\$8,571.43	\$71,428.57
LEA Z	\$62,000.00	32	4	\$1,722.22	\$6,888.89	\$55,111.11

Assuming LEA	Most recent section 611 base payment of Assuming LEA	Child count (ages 3–21) of Assuming LEA	Adjusted base payment of Assuming LEA
New Charter LEA	\$0	20	\$30,460.32

Check of original and adjusted bases:

\$292,000 (sum of original bases) = \$292,000 (sum of adjusted bases)

Using the Method A calculations shown in Table 1.1-a, the new charter LEA receives a section 611 base payment of \$30,460.32. The base payments for LEAs X, Y, and Z will be reduced for each LEA using the calculation shown in column F of the table. Note that the total base payment amount across all Affected LEAs remains the same at \$292,000.

Table 1.1-b. Method B: Group Adjustment

Affected LEA	Most recent section 611 base payment of Affected LEA	Current child count (ages 3–21) of Affected LEA	Base payment per child for group of Affected LEAs	Adjusted base payment
A	B	C	D (Total of B / Total of C)	E (C x D)
LEA X	\$150,000.00	90	\$1,520.83	\$136,875.00
LEA Y	\$80,000.00	50	\$1,520.83	\$76,041.67
LEA Z	\$62,000.00	32	\$1,520.83	\$48,666.67
New Charter LEA	\$0	20	\$1,520.83	\$30,416.67
Total	\$292,000.00	192	\$1,520.83	\$292,000.00

Using the Method B calculations shown in Table 1.1-b, the new charter LEA receives a section 611 base payment of \$30,416.67. The base payments for LEAs X, Y, and Z will be adjusted to the amounts in column E for each LEA. Note that the total base payment amount across all Affected LEAs remains the same at \$292,000.

Calculation for section 619 adjusted base payment:

New Charter LEA will not receive a base payment for section 619 because the 20 children with disabilities in the charter LEA are ages 7 through 14, and no children with disabilities ages 3 through 5 are currently enrolled. The LEA is, however, eligible for a section 619 subgrant based on population and poverty calculations if funds are available after the state set-aside and base payments are subtracted from the total state grant. In the fiscal year following the first annual child count in which the LEA reports a child with a disability ages 3 through 5, the SEA would follow the same method for the section 619 subgrant, using either the Individual Adjustment or the Group Adjustment method, consistent with other base payment adjustment calculations done by the SEA.

Scenario 1.2: New charter school LEA opens, assuming responsibility for serving children with disabilities, including children ages 3 through 5, from one Transferring LEA.

A new charter school LEA opens, serving grades K through 8, with 15 children with disabilities (3 of whom are age 5). LEA X would have been responsible for serving all of these 15 children with disabilities. LEA X's current child count is 75 for ages 3 through 21, and 12 for ages 3 through 5. LEA X's most recent base payment amount is \$50,000 for section 611, and is \$1,200 for section 619.

Calculation for section 611 adjusted base payment:

Table 1.2-a. Method A: Individual Adjustment

Transferring LEA	Most recent section 611 base payment of Transferring LEA	Current child count (ages 3–21) of Transferring LEA	Child count (ages 3–21) of Assuming LEA	Base payment per child for Transferring LEA	Amount reallocated for Assuming LEA	Adjusted base payment of Transferring LEA
A	B	C	D	E (B / (C + D))	F (E x D)	G (B – F)
LEA X	\$50,000.00	75	15	\$555.56	\$8,333.33	\$41,666.67

Assuming LEA	Most recent section 611 base payment of Assuming LEA	Child count (ages 3–21) of Assuming LEA	Adjusted base payment of Assuming LEA
New Charter LEA	\$0	15	\$8,333.33

Check of original and adjusted bases:

\$50,000 (sum of original bases) = \$50,000 (sum of adjusted bases)

Using the Method A calculations shown in Table 1.2-a, New Charter LEA receives a section 611 base payment of \$8,333.33. The base payment for LEA X will be reduced by that amount to \$41,666.67. Note that the total base payment amount across all Affected LEAs remains the same at \$50,000.

Table 1.2-b. Method B: Group Adjustment

Affected LEA	Most recent section 611 base payment of Affected LEA	Current child count (ages 3–21) of Affected LEA	Base payment per child for group of Affected LEAs	Adjusted base payment
A	B	C	D (Total of B / Total of C)	E (C x D)
LEA X	\$50,000.00	75	\$555.56	\$41,666.67
New Charter LEA	\$0	15	\$555.56	\$8,333.33
Total	\$50,000.00	90	\$555.56	\$50,000.00

Using the Method B calculations shown in Table 1.2-b, the new LEA receives a section 611 base payment of \$8,333.33. The base payment for LEA X will be reduced by that amount to \$41,666.67. Note that the total base payment amount across all Affected LEAs remains the same at \$50,000.

Calculation for section 619 adjusted base payment:

Table 1.2-c. Method A: Individual Adjustment

Transferring LEA	Most recent section 619 base payment of Transferring LEA	Current child count (ages 3–5) of Transferring LEA	Child count (ages 3–5) of Assuming LEA	Base payment per child for Transferring LEA	Amount reallocated for Assuming LEA	Adjusted base payment of Transferring LEA
A	B	C	D	E (B / (C + D))	F (E x D)	G (B – F)
LEA X	\$1,200.00	12	3	\$80.00	\$240.00	\$960.00

Assuming LEA	Most recent section 619 base payment of Assuming LEA	Child count (ages 3–5) of Assuming LEA	Total amount reallocated	Adjusted base payment of Assuming LEA
New Charter LEA	\$0	3	\$240.00	\$240.00

Check of original and adjusted bases:

\$1,200 (sum of original bases) = \$1,200 (sum of adjusted bases)

Using the Method A calculations shown in Table 1.2-c, New Charter LEA receives a section 619 base payment of \$240. The base payment for LEA X will be reduced by that amount to \$960. Note that the total base payment amount across all Affected LEAs remains the same at \$1,200.

Table 1.2-d. Method B: Group Adjustment

Affected LEA	Most recent section 619 base payment of Affected LEA	Current child count (ages 3–5) of Affected LEA	Base payment per child for group of Affected LEAs	Adjusted base payment
A	B	C	D (Total of B / Total of C)	E (C x D)
LEA X	\$1,200.00	12	\$80.00	\$960.00
New Charter LEA	\$0	3	\$80.00	\$240.00
Total	\$1,200.00	15	\$80.00	\$1,200.00

Using the Method B calculations shown in Table 1.2-d, New Charter LEA receives a section 619 base payment of \$240. The base payment for LEA X will be reduced by that amount to \$960. Note that the total base payment amount across all Affected LEAs remains the same at \$1,200.

Scenario 1.3: Two new charter school LEAs open, assuming responsibility for serving children with disabilities from one Transferring LEA.

Two new charter school LEAs open, Charter LEA Y and Charter LEA Z, and they serve only middle school students, grades 6 through 9. They have 2 and 3 children with disabilities, respectively, all coming from LEA X. LEA X has a current child count of 95, and has a section 611 base payment of \$120,000.

Calculation for section 611 adjusted base payment:

Table 1.3-a. Method A: Individual Adjustment

Transferring LEA	Most recent section 611 base payment of Transferring LEA	Current year child count of Transferring LEA (ages 3–21)	Count of children transferred to Assuming LEA Y (ages 3–21)	Count of children transferred to Assuming LEA Z (ages 3–21)	Base payment per child for Transferring LEA	Amount reallocated for Assuming LEA Y	Amount reallocated for Assuming LEA Z	Adjusted base payment of Transferring LEA
A	B	C	D	E	F (B/(C + D + E))	G (F × D)	H (F × E)	I (B – G – H)
LEA X	\$120,000.00	95	2	3	\$1,200.00	\$2,400.00	\$3,600.00	\$114,000.00

Assuming LEA	Most recent section 611 base payment of Assuming LEA	Child count (ages 3–21) of Assuming LEA	Total amount reallocated	Adjusted base payment of Assuming LEA
New Charter LEA Y	\$0	2	\$2,400.00	\$2,400.00
New Charter LEA Z	\$0	3	\$3,600.00	\$3,600.00

Check of original and adjusted bases:

\$120,000 (sum of original bases) = \$120,000 (sum of adjusted bases)

Using the Method A calculations shown in Table 1.3-a, New Charter LEA Y receives a section 611 base payment of \$2,400, and New Charter LEA Z receives a base payment of \$3,600. The base payment for LEA X is reduced to \$114,000. Note that the total amount of base payments remains the same at \$120,000.

Table 1.3-b. Method B: Group Adjustment

Affected LEA	Most recent section 611 base payment of Affected LEA	Current child count (ages 3–21) of Affected LEA	Base payment per child for group of Affected LEAs	Adjusted base payment
A	B	C	D (Total of B / Total of C)	E (C x D)
LEA X	\$120,000.00	95	\$1,200.00	\$114,000.00
New Charter LEA Y	\$0	2	\$1,200.00	\$2,400.00
New Charter LEA Z	\$0	3	\$1,200.00	\$3,600.00
Total	\$120,000.00	100	\$1,200.00	\$120,000.00

Using the Method B calculations shown in Table 1.3-b, New Charter LEA Y receives a section 611 base payment of \$2,400.00, and New Charter LEA Z receives a base payment of \$3,600.00. The base payment for LEA X is reduced to \$114,000.00. Note that the total amount of base payments remains the same at \$120,000.

Calculation for section 619 adjusted base payment:

The section 619 base payment for LEA X is not affected because the new charter LEAs are not currently responsible for children with disabilities ages 3 through 5. However, LEA X is eligible for a section 619 subgrant based on population and poverty calculations if funds are available after the state set-aside and base payments are subtracted from the total section 619 grant. In the fiscal year following the first annual child count in which the LEA reports a child with a disability ages 3 through 5, the SEA would follow the same method for the section 619 subgrant, using either the Individual Adjustment or the Group Adjustment method, consistent with other base payment adjustment calculations done by the SEA.

2. Scenario related to two or more LEAs combining

The scenario in this section illustrates how an SEA might combine the base payments from two or more LEAs.

For section 611 and section 619: 34 CFR §§300.705(b)(2)(ii) and 300.816(b)(2)

“If one or more LEAs are combined into a single new LEA, the State must combine the base allocations of the merged LEAs.”

Scenario 2: Two LEAs combine into a single LEA.

Two small LEAs are consolidated as a result of a newly enacted state law requiring school district consolidation. LEA X's base payment amounts are \$27,000 for section 611 and \$560 for section 619. LEA Y's base payment amounts are \$7,800 for section 611 and \$0 for section 619.

This scenario does not require the use of either of the adjustment methods because the base payments for the two LEAs are simply combined. If either of the methods were applied, the results would be the same.

Calculation for section 611 adjusted base payment:

The base payment for the new consolidated LEA will be the total of the base payments for the two LEAs forming the new LEA: $\$27,000 + \$7,800 = \$34,800$.

Calculation for section 619 adjusted base payment:

The base payment for the new consolidated LEA will be the total of the base payments for the two LEAs forming the new LEA: $\$560 + \$0 = \$560$.

3. Scenarios related to a change in geographic boundaries or administrative responsibilities

The scenarios in this section illustrate how an SEA might make base payment adjustments when there is a change to LEA boundaries or responsibilities, including when an LEA closes.

This section's scenarios illustrate how an SEA might calculate the base payment amounts for significantly expanding charter school LEAs. The section also includes an illustration of how an SEA might redistribute an LEA's base payments when that LEA closes. These specific scenarios are not named in the regulations but do reflect a change in administrative responsibility.

For section 611: 34 CFR §300.705(b)(2)(iii)

"If, for two or more LEAs, geographic boundaries or administrative responsibility for providing services to children with disabilities ages 3 through 21 change, the base allocations of Affected LEAs must be redistributed among Affected LEAs based on the relative numbers of children with disabilities ages 3 through 21, or ages 6 through 21 if a State has had its payment reduced under §300.703(b), currently provided special education by each Affected LEA."

For section 619: 34 CFR §300.816(b)(3)

"If for two or more LEAs, geographic boundaries or administrative responsibility for providing services to children with disabilities ages three through five changes, the base allocations of Affected LEAs must be redistributed among Affected LEAs based on the relative numbers of children with disabilities ages three through five currently provided special education by each Affected LEA."

For section 611 and section 619: 20 U.S.C. §7221e

"(a) *In general.* For purposes of the allocation to schools by the States or their agencies of funds under part A of subchapter I, and any other Federal funds which the Secretary allocates to States on a formula basis, the Secretary and each State educational agency shall take such measures as are necessary to ensure that every charter school receives the Federal funding for which the charter school is eligible not later than 5 months after the charter school first opens, notwithstanding the fact that the identity and characteristics of the students enrolling in that charter school are not fully and completely determined until that charter school actually opens. The measures similarly shall ensure that every charter school expanding its enrollment in any subsequent year of operation receives the Federal funding for which the charter school is eligible not later than 5 months after such expansion.

"(b) *Adjustment and late openings.* (1) *In general.* The measures described in subsection (a) shall include provision for appropriate adjustments, through recovery of funds or reduction of payments for the succeeding year, in cases where payments made to a charter school on the basis of estimated or projected enrollment data exceed the amounts that the school is eligible to receive on the basis of actual or final enrollment data.

"(2) *Rule.* For charter schools that first open after November 1 of any academic year, the State, in accordance with guidance provided by the Secretary and applicable Federal statutes and regulations, shall ensure that such charter schools that are eligible for the funds described in subsection (a)

for such academic year have a full and fair opportunity to receive those funds during the charter schools' first year of operation.

“(c) *New or significantly expanding charter schools.* For purposes of implementing the hold harmless protections in sections 6332(c) and 6337(g)(3) of this title for a newly opened or significantly expanded charter school under this part, a State educational agency shall calculate a hold-harmless base for the prior year that, as applicable, reflects the new or significantly expanded enrollment of the charter school.”

Scenario 3.1: Two LEAs change geographic boundaries.

Two LEAs undergo a geographical boundary change after the end of a school year.

In the first school year after the boundary change, the child count was 70 for LEA X and 60 for LEA Y. Because of the boundary change, LEA Y became responsible for 10 children with disabilities (ages 6 through 21) for whom LEA X would have been responsible had the boundary not changed. The count of children with disabilities ages 3 through 5 in the school year of the boundary change was 10 in LEA X and was 8 in LEA Y. The boundary change did not result in changes in LEA responsibility for children ages 3 through 5. The most recent base payments for the LEAs are shown in this scenario's tables.

Calculation for section 611 adjusted base payment:

Table 3.1-a. Method A: Individual Adjustment

Transferring LEA	Most recent section 611 base payment of Transferring LEA	Current child count (ages 3–21) of Transferring LEA	Count of children transferred to Assuming LEA	Base payment per child by Transferring LEA	Amount reallocated for LEA	Adjusted base payment of Transferring LEA
A	B	C	D	E (B / (C + D))	F (E x D)	G (B – F)
LEA X	\$136,875.00	70	10	\$1,710.94	\$17,109.38	\$119,765.63

Assuming LEA	Most recent section 611 base payment of Assuming LEA	Count of children transferred to Assuming LEA	Total amount reallocated	Adjusted base payment of Assuming LEA
LEA Y	\$76,042.00	10	\$17,109.38	\$93,151.38

Check of original and adjusted bases:

\$212,917 (sum of original bases) = \$212,917 (sum of adjusted bases)

Using the Method A calculations shown in Table 3.1-a, LEA Y receives a section 611 base payment increase of \$17,109.38, resulting in a new base payment of \$93,151.38. The base payment for LEA X is reduced by that amount, resulting in an adjusted base payment of \$119,765.63. Note that the total amount of base payments remains the same at \$212,917.

Table 3.1-b. Method B: Group Adjustment

Affected LEA	Most recent section 611 base payment of Affected LEA	Current child count (ages 3–21) of Affected LEA	Base payment per child for group of Affected LEAs	Adjusted base payment
A	B	C	D (Total of B / Total of C)	E (C x D)
LEA X	\$136,875.00	70	\$1,637.82	\$114,647.62
LEA Y	\$76,042.00	60	\$1,637.82	\$98,269.38
Total	\$212,917.00	130	\$1,637.82	\$212,917.00

Using the Method B calculations shown in Table 3.1-b, the base payment of LEA X is reduced to \$114,647.62, and the base payment of LEA Y is increased to \$98,269.38. Note that the total amount of base payments remains the same at \$212,917.

Calculation for section 619 adjusted base payment:

Method A: Individual Adjustment

Because the boundary change did not result in changes in LEA responsibility for children ages 3 through 5 in the year of the boundary change, no base payment adjustment for section 619 is needed if the SEA is using Method A.

Although the administrative responsibility for children ages 3 through 5 in this scenario does not change, there is still a change in geographic boundaries. Because Method A tracks only students affected by a change in administrative responsibility, there is no adjustment solely on the basis of geographic boundaries under this method. However, Method B still applies.

Table 3.1-c. Method B: Group Adjustment

Affected LEA	Most recent section 619 base payment of Affected LEA	Current child count (ages 3–5) of Affected LEA	Base payment per child for group of Affected LEAs	Adjusted base payment
A	B	C	D (Total of B / Total of C)	E (C x D)
LEA X	\$26,214.00	10	\$2,302.67	\$23,026.67
LEA Y	\$15,234.00	8	\$2,302.67	\$18,421.33
Total	\$41,448.00	18	\$2,302.67	\$41,448.00

Because of the boundary change, SEAs using Method B need to redistribute the 619 subgrants between LEAs X and Y. Using the calculations shown in Table 3.1-c, the base payment of LEA X is reduced to \$23,026.67, and the base payment of LEA Y is increased to \$18,421.33. Note that the total amount of base payments remains the same at \$41,448.

Scenario 3.2: A charter school LEA meets the state definition of significant expansion by adding a new grade, which includes 27 children with disabilities; three LEAs transfer responsibility for serving those 27 children.

A high school charter school LEA significantly expands by adding a new grade (grade 9), serving 27 children with disabilities in the added grade. The following LEAs would have been responsible for serving these 27 children had the grade not been added: LEA X (10 children), LEA Y (7 children), and LEA Z (10 children). The base payments and current counts of children with disabilities are listed in the tables for this scenario. The charter school LEA previously served grades 10 through 12 and has never served children with disabilities ages 3 through 5.

Calculation for section 611 adjusted base payment:

Table 3.2-a. Method A: Individual Adjustment

Transferring LEA	Most recent section 611 base payment of Transferring LEA	Current child count (ages 3–21) of Transferring LEA	Count of children (ages 3–21) transferred to Assuming LEA	Base payment per child for Transferring LEA	Amount reallocated for Assuming LEA	Adjusted base payment of Transferring LEA
A	B	C	D	E (B / (C + D))	F (E x D)	G (B – F)
LEA X	\$100,000.00	750	10	\$131.58	\$1,315.79	\$98,684.21
LEA Y	\$84,000.00	560	7	\$148.15	\$1,037.04	\$82,962.96
LEA Z	\$64,380.00	385	10	\$162.99	\$1,629.87	\$62,750.13

Assuming LEA	Most recent section 611 base payment of Assuming LEA	Count of children (ages 3–21) transferred to Assuming LEA	Total amount reallocated	Adjusted base payment of Assuming LEA
Expanded Charter LEA	\$14,500.00	27	\$3,982.70	\$18,482.70

Check of original and adjusted bases:

\$262,880 (sum of original bases) = \$262,880 (sum of adjusted bases)

Using the Method A calculations shown in Table 3.2-a, Expanded Charter LEA's section 611 base payment is increased by \$3,982.70 to \$18,482.70. The base payments for LEAs X, Y, and Z are each reduced by the amounts shown in column F. Note that the total amount of base payments remains the same at \$262,880.

Table 3.2-b. Method B: Group Adjustment

Affected LEA	Most recent section 611 base payment of Affected LEA	Current child count (ages 3–21) of Affected LEA	Base payment per child for group of Affected LEAs	Adjusted base payment
A	B	C	D (Total of B / Total of C)	E (C x D)
LEA X	\$100,000.00	750	\$144.28	\$108,210.76
LEA Y	\$84,000.00	560	\$144.28	\$80,797.37
LEA Z	\$64,380.00	385	\$144.28	\$55,548.19
Expanded Charter LEA	\$14,500.00	127	\$144.28	\$18,323.69
Total	\$262,880.00	1,822	\$144.28	\$262,880.00

Using the Method B calculations shown in Table 3.2-b, Expanded Charter LEA's section 611 base payment is increased to \$18,323.69. Because of the redistribution of the base payment amounts among all of the Affected LEAs, the base payment for LEA X is increased and the base payments for LEAs Y and Z are each reduced. Note that the total base payment amount across all LEAs remains the same at \$262,880.

Calculation for section 619 adjusted base payment:

Expanded Charter LEA will not receive a base payment for section 619 because the LEA is not currently responsible for children ages 3 through 5. The LEA is, however, eligible for a section 619 subgrant based on population and poverty calculations if funds are available after the state set-aside and base payments are subtracted from the total state grant. In the fiscal year following the first annual child count in which the LEA reports a child with a disability ages 3 through 5, the SEA would follow the same method for the section 619 subgrant, using either the Individual Adjustment or the Group Adjustment method consistent with other base payment adjustment calculations done by the SEA.

Scenario 3.3: Charter school LEA meets the state standard of significant expansion as a result of a 40 percent increase in overall enrollment, including additional children with disabilities from three Transferring LEAs; the charter school LEA also has newly identified several children as children with disabilities under IDEA.

A charter school LEA experiences a 40 percent increase in its overall enrollment. This increase is determined by the state to be significant, and results in 27 additional children with disabilities served, 3 of whom are ages 3 through 5. The following Transferring LEAs would have been responsible for serving 25 of these 27 children with disabilities, had the expansion not occurred: LEA X (10 children, 1 of whom is age 5); LEA Y (7 children, 2 of whom are ages 3 through 5); and LEA Z (8 children). Two additional children (ages 3 through 5) did not previously receive special education and related services from any LEA in the state and live within the geographic boundaries of LEA Z.

In this scenario, the SEA assigns FAPE responsibility for each child to the LEA in which the child resides. The tables for this scenario indicate the base payments and current counts of children with disabilities served for each Affected LEA, and the LEA Z counts include the 2 children not previously identified.

Calculation for section 611 adjusted base payment:

Table 3.3-a. Method A: Individual Adjustment

Transferring LEA	Most recent section 611 base payment of Transferring LEA	Current child count (ages 3–21) of Transferring LEA	Count of children (ages 3–21) transferred to Assuming LEA	Base payment per child for Transferring LEA	Amount reallocated for Assuming LEA	Adjusted base payment of Transferring LEA
A	B	C	D	E (B / (C + D))	F (E x D)	G (B – F)
LEA X	\$100,000.00	750	10	\$131.58	\$1,315.79	\$98,684.21
LEA Y	\$84,000.00	560	7	\$148.15	\$1,037.04	\$82,962.96
LEA Z	\$64,380.00	385	10*	\$162.99	\$1,629.87	\$62,750.13

*This includes the 2 children not previously identified who reside within LEA Z boundaries.

Assuming LEA	Most recent section 611 base payment of Assuming LEA	Count of children (ages 3–21) transferred to Assuming LEA	Total amount reallocated	Adjusted base payment of Assuming LEA
Expanded Charter LEA	\$14,500.00	27	\$3,982.70	\$18,482.70

Check of original and adjusted bases:

\$262,880 (sum of original bases) = \$262,880 (sum of adjusted bases)

Using the Method A calculations shown in Table 3.3-a, Expanded Charter LEA's base payment is increased by \$3,982.70 to \$18,482.70. The base payments for LEAs X, Y, and Z are each reduced by the amounts shown in column F. Note that the total amount of base payments remains the same at \$262,880.

Table 3.3-b. Method B: Group Adjustment

Affected LEA	Most recent section 611 base payment of Affected LEA	Current child count (ages 3–21) of Affected LEA	Base payment per child for group of Affected LEAs	Adjusted base payment
A	B	C	D (Total of B / Total of C)	E (C x D)
LEA X	\$100,000.00	750	\$144.28	\$108,210.76
LEA Y	\$84,000.00	560	\$144.28	\$80,797.37
LEA Z	\$64,380.00	385	\$144.28	\$55,548.19
Expanded Charter LEA	\$14,500.00	127	\$144.28	\$18,323.69
Total	\$262,880.00	1,822	\$144.28	\$262,880.00

Using the Method B calculations shown in Table 3.3-b, Expanded Charter LEA's section 611 base payment is increased to \$18,323.69. Because of the redistribution of the base payment amounts among all of the Affected LEAs, the base payment for LEA X is increased and the base payments for LEAs Y and Z are each reduced. Note that the total base payment amount across all LEAs remains the same at \$262,880.

Calculation for section 619 adjusted base payment:

Table 3.3-c. Method A: Individual Adjustment

Transferring LEA	Most recent section 619 base payment of Transferring LEA	Current child count (ages 3–5) of Transferring LEA	Count of children (ages 3–5) transferred to Assuming LEA	Base payment per child for Transferring LEA	Amount reallocated for Assuming LEA	Adjusted base payment of Transferring LEA
A	B	C	D	E (B / (C + D))	F (E x D)	G (B – F)
LEA X	\$8,000.00	37	1	\$210.53	\$210.53	\$7,789.47
LEA Y	\$5,500.00	15	2	\$323.53	\$647.06	\$4,852.94
LEA Z	\$4,000.00	10	2*	\$333.33	\$666.67	\$3,333.33

*This number represents the 2 children not previously identified who reside within LEA Z boundaries.

Assuming LEA	Most recent section 619 base payment of Assuming LEA	Count of children (ages 3–5) transferred to Assuming LEA	Total amount reallocated	Adjusted base payment of Assuming LEA
Expanded Charter LEA	\$2,500.00	5	\$1,524.25	\$4,024.25

Check of original and adjusted bases:

\$20,000 (sum of original bases) = \$20,000 (sum of adjusted bases)

Using the Method A calculations shown in Table 3.3-c, the expanded charter school LEA's section 619 base payment is increased by \$1,524.25. The base payments for LEAs X, Y, and Z are each reduced by the amounts shown in column F. Note that the total amount of base payments remains the same at \$20,000.

Table 3.3-d. Method B: Group Adjustment

Affected LEA	Most recent section 619 base payment of Affected LEA	Current child count (ages 3–5) of Affected LEA	Base payment per child for group of Affected LEAs	Adjusted base payment
A	B	C	D (Total of B / Total of C)	E (C x D)
LEA X	\$8,000.00	37	\$273.97	\$10,136.99
LEA Y	\$5,500.00	15	\$273.97	\$4,109.59
LEA Z	\$4,000.00	10	\$273.97	\$2,739.73
Expanded Charter LEA	\$2,500.00	11	\$273.97	\$3,013.70
Total	\$20,000.00	73	\$273.97	\$20,000.00

Using the Method B calculations shown in Table 3.3-d, Expanded Charter LEA's section 619 base payment is increased to \$3,013.70. Because of the redistribution of the base payment amounts among all of the Affected LEAs, the base payment for LEA X is increased and the base payments for LEAs Y and Z are each reduced to the amounts shown in column E. Note that the total base payment amount across all LEAs remains the same at \$20,000.

A special note regarding LEA closures

Scenarios 3.4–3.6 are written to apply to charter school LEAs because a traditional LEA's closure is less likely and generally results in two or more LEAs combining (see Scenario 2 section). Charter school LEA closures require the SEA to track individual students to determine which LEA assumes responsibility for providing FAPE to the students for whom a closing LEA would have been responsible if it had not closed.

34 CFR §§300.705(b) and 300.816 require redistribution based on the number of children “currently provided special education by each Affected LEA.” For LEA closures, it should not be assumed that all children with disabilities in a closing LEA, including a closing charter school LEA, would have remained the responsibility of the closing LEA if it had remained open. For example, some of those who were children with disabilities in the closing LEA may no longer be identified as having a disability, may have reached maximum age for services, may have graduated, or may no longer be within the age range served by the closing LEA. Furthermore, children might not re-enroll in an LEA within the state in the following year. In identifying the responsibility for providing FAPE to individual children for these scenarios, the SEA must subtract those children from the calculation.

Scenario 3.4: Charter school LEA closes and all of its children with disabilities enroll in one LEA after closure.

A charter school LEA closes at the end of a school year. All children with disabilities ages 3 through 21 reported by the charter school LEA in the last child count enroll in LEA X for the following school year. The charter school LEA would have been responsible for providing FAPE to these children had it not closed.

Because the responsibility of FAPE for all children formerly served by the closing LEA is moved to a single other LEA, the charter school LEA's base allocations are added to LEA X's base allocations (for both section 611 and section 619). This calculation would have the same result using Method A or Method B.

Scenario 3.5: Charter school LEA closes and its children with disabilities enroll in multiple Assuming LEAs after closure.

A charter school LEA closes at the end of a school year. Its most recent section 611 base payment was \$2,500 and most recent 619 base payment was \$280. The child count for children with disabilities (ages 3 through 21) reported by the charter school LEA for its final school year was 15, including 2 children with disabilities ages 3 through 5. It would have been responsible for all 15 of these children in the following school year if it had not closed. In the following school year, LEA X assumes responsibility for 8 of these children, including the 2 children ages 3 through 5, LEA Y assumes responsibility for 5 of the children, and LEA Z assumes responsibility for 2 of the children.

Calculation for section 611 adjusted base payment:

Table 3.5-a. Method A: Individual Adjustment

Affected LEA	Most recent section 611 base payment of Affected LEA	Child count (ages 3–21) of Transferring LEA in last year of operation	Base payment per child for Transferring LEA	Transferred children with disabilities (ages 3–21)	Amount reallocated because of closing Transferring LEA	Adjusted base payment of Affected LEA
A	B	C	D (B / C)	E	F (E x base payment per child for Transferring LEA)	G (B + F)
Closed Charter LEA	\$2,500.00	15	\$166.67	na	na	na
LEA X	\$110,000.00	na	na	8	\$1,333.33	\$111,333.33
LEA Y	\$82,000.00	na	na	5	\$833.33	\$82,833.33
LEA Z	\$67,000.00	na	na	2	\$333.33	\$67,333.33

Check of original and adjusted bases:

\$261,500 (sum of original bases) = \$261,500 (sum of adjusted bases)

Using the Method A calculations shown in Table 3.5-a, the base payments for LEAs X, Y, and Z in the year following the charter school LEA's closure are each increased by the amounts shown in column F. Note that the total amount of base payments remains the same at \$261,500.

Table 3.5-b. Method B: Group Adjustment

Affected LEA	Most recent section 611 base payment of Affected LEA	Current child count (ages 3–21) of Affected LEA	Base payment per child for group of Affected LEAs	Adjusted base payment
A	B	C	D (Total of B / Total of C)	E (C x D)
Closed Charter LEA	\$2,500.00	0	\$227.00	na
LEA X	\$110,000.00	450	\$227.00	\$102,148.44
LEA Y	\$82,000.00	367	\$227.00	\$83,307.73
LEA Z	\$67,000.00	335	\$227.00	\$76,043.84
Total	\$261,500.00	1,152	\$227.00	\$261,500.00

Using the Method B calculations shown in Table 3.5-b, the base payments for the closed charter school LEA and for LEAs X, Y, and Z are redistributed according to the number of children with disabilities in each LEA. The base payment for LEA X is decreased and the base payments for LEAs Y and Z are increased to the amounts shown in column E. Note that the total amount of base payments remains the same at \$261,500.

Calculation for section 619 adjusted base payment:

Table 3.5-c. Method A: Individual Adjustment

Affected LEA	Most recent section 619 base payment of Affected LEA	Child count (ages 3–5) of Transferring LEA in last year of operation	Base payment per child for Transferring LEA	Transferred children with disabilities (ages 3–5)	Amount reallocated because of closing Transferring LEA	Adjusted base payment of Affected LEA
A	B	C	D (B / C)	E	F (E x base payment per child for Transferring LEA)	G (B + F)
Closed Charter LEA	\$280.00	2	\$140.00	na	na	na
LEA X	\$14,000.00	na	na	2	\$280.00	\$14,280.00
LEA Y	\$9,100.00	na	na	0	\$0	\$9,100.00
LEA Z	\$4,600.00	na	na	0	\$0	\$4,600.00

Check of original and adjusted bases:

\$27,980 (sum of original bases) = \$27,980 (sum of adjusted bases)

Using the Method A calculations shown in Table 3.5-c, the base payments for LEAs X, Y, and Z in the year following the charter school LEA's closure are each increased by the amounts shown in column F (two of which are \$0). Note that the total amount of base payments remains the same at \$27,980.

Table 3.5-d. Method B: Group Adjustment

Affected LEA	Most recent section 619 base payment of Affected LEA	Current child count (ages 3–5) of Affected LEA	Base payment per child for group of Affected LEAs	Adjusted base payment
A	B	C	D (Total of B / Total of C)	E (C x D)
Closed Charter LEA	\$280.00	0	\$164.59	na
LEA X	\$14,000.00	88	\$164.59	\$14,483.76
LEA Y	\$9,100.00	61	\$164.59	\$10,039.88
LEA Z	\$4,600.00	21	\$164.59	\$3,456.35
Total	\$27,980.00	170	\$164.59	\$27,980.00

Using the Method B calculations shown in Table 3.5-d, the base payments for Closed Charter LEA and for LEAs X, Y, and Z are redistributed according to the number of children with disabilities in each LEA. The base payments for LEAs X, Y, and Z are changed to the amounts shown in column E. Note that the total amount of base payments remains the same at \$27,980.

Scenario 3.6: Charter school LEA closes; it would have been responsible for only some of its children with disabilities in the following year.

A charter school LEA serving children in grades 3 through 5 was responsible for serving 15 children with disabilities in its last year of operation. Upon its closure after the school year, 2 of the 15 children moved to other states, 1 is no longer eligible for special education under IDEA, and 2 graduated from the charter school LEA's grade span (the LEA served up to grade 5 and 2 of the children with disabilities had completed grade 5 prior to closure). In summary, in the following school year, if it had remained open, the charter school LEA would not have been responsible for 5 of the 15 children with disabilities.

LEA X assumes responsibility for 8 of the remaining 10 children in the following school year, and LEA Y assumes responsibility for 2 of the 10.

Calculation for section 611 adjusted base payment:

Table 3.6-a. Method A: Individual Adjustment

Affected LEA	Most recent section 611 base payment of Affected LEA	Child count (ages 3–21) of Transferring LEA in last year of operation	Base payment per child for Transferring LEA	Transferred children with disabilities (ages 3–21)	Amount reallocated because of closed Transferring LEA	Adjusted base payment of Affected LEA
A	B	C	D (B / C)	E	F (E x Base payment per child for Transferring LEA)	G (B + F)
Closed Charter LEA	\$2,500.00	15 – 5* = 10	\$250.00	na	na	na
LEA X	\$110,000.00	na	na	8	\$2,000.00	\$112,000.00
LEA Y	\$82,000.00	na	na	2	\$500.00	\$82,500.00

*Five students are subtracted because the charter school LEA would no longer have been responsible for them had it remained open.

Check of original and adjusted bases:

\$194,500 (sum of original bases) = \$194,500 (sum of adjusted bases)

Using the Method A calculations shown in Table 3.6-a, the base payments for LEAs X and Y are both increased by the amounts shown in column F. Note that the total amount of base payments remains the same at \$194,500.

Table 3.6-b. Method B: Group Adjustment

Affected LEA	Most recent section 611 base payment of Affected LEA	Current child count (ages 3–21) of Affected LEA	Base payment per child for group of Affected LEAs	Adjusted base payment
A	B	C	D (Total of B / Total of C)	E (C x D)
Closed Charter LEA	\$2,500.00	0	\$238.07	na
LEA X	\$110,000.00	450	\$238.07	\$107,129.74
LEA Y	\$82,000.00	367	\$238.07	\$87,370.26
Total	\$194,500.00	817	\$238.07	\$194,500.00

Using the Method B calculations shown in Table 3.6-b, the base payments for the closed charter school LEA and for LEAs X and Y are redistributed according to the number of children with disabilities in each LEA. The base payment for LEA X is reduced and the base payment for LEA Y is increased to the amounts shown in column E. Note that the total amount of base payments remains the same at \$194,500.

Calculation for section 619 adjusted base payment:

There is no section 619 subgrant to redistribute. The charter school LEA was not eligible for a section 619 subgrant (including population and poverty amounts) because it only served children in grades 3 through 5 and did not serve children ages 3 through 5. If the charter school were to remain open and were to expand to serve young children in the future, then, in the fiscal year following the first annual child count in which the LEA reports a child with a disability ages 3 through 5, the SEA would follow the same method for the section 619 subgrant, using either the Individual Adjustment or the Group Adjustment method consistent with other base payment adjustment calculations done by the SEA.

4. Scenarios related to an LEA that received a base payment of \$0 in its first year of operation because it did not serve children with disabilities but later assumed responsibility for serving children with disabilities

The scenarios in this section illustrate how an SEA might calculate base payment adjustments when an LEA that received a base payment of \$0 in its first year, as it did not provide special education and related services to any children with disabilities, now serves at least 1 child with a disability. This type of base payment adjustment for section 619 subgrants may be particularly relevant for LEAs, including charter school LEAs, that have small populations and never previously received a base payment. In such cases, it is important to note that these LEAs should have received IDEA section 611 and section 619 funds based on the population and poverty calculations even if they did not receive base payments.

For section 611: 34 CFR §300.705(b)(2)(iv)

“If an LEA received a base payment of zero in its first year of operation, the SEA must adjust the base payment for the first fiscal year after the first annual child count in which the LEA reports that it is serving any children with disabilities. The State must divide the base allocation determined under paragraph (b)(1) of this section for the LEAs that would have been responsible for serving children with disabilities now being served by the LEA, among the LEA and affected LEAs based on the relative numbers of children with disabilities ages 3 through 21, or ages 6 through 21 currently provided special education by each of the LEAs.”

For section 619: 34 CFR §300.816(b)(4)

“If an LEA received a base payment of zero in its first year of operation, the SEA must adjust the base payment for the first fiscal year after the first annual child count in which the LEA reports that it is serving any children with disabilities aged three through five years. The State must divide the base allocation determined under paragraph (a) of this section for the LEAs that would have been responsible for serving children with disabilities aged three through five years now being served by the LEA, among the LEA and affected LEAs based on the relative numbers of children with disabilities aged three through five years currently provided special education by each of the LEAs.”

A special note regarding Scenario 4

Scenario 4 differs from other scenarios because the adjustment is applied the first fiscal year after the triggering event.

Scenario 4.1: Charter school LEA did not serve children with disabilities in its first year of operation but later assumes responsibility for serving children with disabilities from one Transferring LEA.

A charter school LEA did not receive a base payment for section 611 and section 619 in its first year of operation but reports serving 3 children with disabilities ranging in age from 8 to 15 in a later school year. LEA X would have been responsible for serving those children. Per 34 CFR §§300.705(b)(2)(iv) and 300.816(b)(4), no adjustment is made in the school year in which the LEA first reports serving children with disabilities, but an adjustment is required for the following school year. LEA X's child count was 150 in the year in which the charter school LEA first enrolled the children with disabilities, and LEA X's most recent base payment amount for section 611 was \$73,000. This information is used to calculate adjusted base payments for the following school year.

Calculation for section 611 adjusted base payment:

Table 4.1-a. Method A: Individual Adjustment

Transferring LEA	Most recent section 611 base payment of Transferring LEA	Child count (ages 3–21) of Transferring LEA in the year the circumstance occurred	Child count (ages 3–21) of Assuming LEA in the first year it served children with disabilities	Base payment per child for Transferring LEA	Amount reallocated for Assuming LEA	Adjusted base payment of Transferring LEA
A	B	C	D	E (B / (C + D))	F (E x D)	G (B – F)
LEA X	\$73,000.00	150	3	\$477.12	\$1,431.37	\$71,568.63

Assuming LEA	Most recent section 611 base payment of Assuming LEA	Child count (ages 3–21) of Assuming LEA in the first year it served children with disabilities	Total amount reallocated	Adjusted base payment of Assuming LEA
Charter LEA	\$0	3	\$1,431.37	\$1,431.37

Check of original and adjusted bases:

\$73,000 (sum of original bases) = \$73,000 (sum of adjusted bases)

Using the Method A calculations shown in Table 4.1-a, the charter school LEA receives a section 611 base payment of \$1,431.37 in the year after the LEA first enrolled children with disabilities. The base payment for LEA X is reduced by that amount to \$71,568.63. Note that the total amount of base payments remains the same at \$73,000.

Table 4.1-b. Method B: Group Adjustment

Affected LEA	Most recent section 611 base payment of Affected LEA	Child count (ages 3–21) of Affected LEA in the year the circumstance occurred	Base payment per child for group of Affected LEAs	Adjusted base payment
A	B	C	D (Total of B / Total of C)	E (C x D)
LEA X	\$73,000.00	150	\$477.12	\$71,568.63
Charter LEA	\$0	3	\$477.12	\$1,431.37
Total	\$73,000.00	153	\$477.12	\$73,000.00

Using the Method B calculations shown in Table 4.1-b, Charter LEA receives a section 611 base payment of \$1,431.37 in the year after the LEA first enrolled children with disabilities. The base payment for LEA X is reduced by that amount to \$71,568.63. Note that the total amount of base payments remains the same at \$73,000.

Calculation for section 619 adjusted base payment:

Charter LEA does not receive a base payment for section 619 because it continues to enroll no children with disabilities ages 3 through 5. However, Charter LEA is eligible for a subgrant based on the population and poverty calculations if funds are available after the state set-aside amount and base payments are subtracted from the total state grant. In the fiscal year following the first annual child count in which the LEA reports a child with a disability ages 3 through 5, the SEA would follow the same method for the section 619 subgrant, using either the Individual Adjustment or the Group Adjustment method consistent with other base payment adjustment calculations done by the SEA.

Scenario 4.2: Charter school LEA did not serve children with disabilities in its first year of operation but later assumes responsibility for serving children with disabilities from multiple Transferring LEAs.

A charter school LEA for grades 9 through 12 did not receive a section 611 base payment in its first year of operation but reported 5 children with disabilities on its child count for a later school year. Three Transferring LEAs would have been responsible for serving these 5 children with disabilities: LEA X (2 children), LEA Y (2 children), and LEA Z (1 child). Per 34 CFR §300.705(b)(2)(iv), no adjustment is made in the school year in which the LEA first reports serving children with disabilities, but an adjustment is required for the following year. The tables for this scenario list the most recent base payments and counts of children with disabilities ages 3 through 21 in the year in which the charter school LEA first enrolled children with disabilities. This information is used to calculate the base payments for the year after the charter school LEA assumed responsibility for the 5 children with disabilities.

Calculation for section 611 adjusted base payment:

Table 4.2-a. Method A: Individual Adjustment

Transferring LEA	Most recent section 611 base payment of Transferring LEA	Child count (ages 3–21) of Transferring LEA in the year the circumstance occurred	Count of children (ages 3–21) transferred to Assuming LEA in the year the circumstance occurred	Base payment per child for Transferring LEA	Amount reallocated for Assuming LEA	Adjusted base payment of Transferring LEA
A	B	C	D	E (B / (C + D))	F (E x D)	G (B – F)
LEA X	\$230,000.00	270	2	\$845.59	\$1,691.18	\$228,308.82
LEA Y	\$75,000.00	115	2	\$641.03	\$1,282.05	\$73,717.95
LEA Z	\$47,000.00	86	1	\$540.23	\$540.23	\$46,459.77

Assuming LEA	Most recent section 611 base payment of Assuming LEA	Child count (ages 3–21) of Assuming LEA in the year the circumstance occurred	Adjusted base payment of Affected LEA
Charter LEA	\$0	5	\$3,513.46

Check of original and adjusted bases:

\$352,000 (sum of original bases) = \$352,000 (sum of adjusted bases)

Using the Method A calculations shown in Table 4.2-a, Charter LEA receives a base payment of \$3,513.46 for the year after Charter LEA assumed responsibility for the 5 children with disabilities. The base payments for LEAs X, Y, and Z are reduced using the calculations shown in the table. Note that the total base payment amount across all LEAs remains the same at \$352,000.

Table 4.2-b. Method B: Group Adjustment

Affected LEA	Most recent section 611 base payment of Affected LEA	Child count (ages 3–21) of Affected LEA in the year the circumstance occurred	Base payment per child for group of Affected LEAs	Adjusted base payment
A	B	C	D (Total of B / Total of C)	E (C x D)
LEA X	\$230,000.00	270	\$739.50	\$199,663.87
LEA Y	\$75,000.00	115	\$739.50	\$85,042.02
LEA Z	\$47,000.00	86	\$739.50	\$63,596.64
Charter LEA	\$0	5	\$739.50	\$3,697.48
Total	\$352,000.00	476	\$739.50	\$352,000.00

Using the Method B calculations shown in Table 4.2-b, Charter LEA receives a base payment of \$3,697.48 for the year after Charter LEA assumed responsibility for the 5 children with disabilities. In that same year, the base payment for LEA X is reduced, while the base payments for LEAs Y and Z are increased due to the redistribution of the base payment across the LEAs. Note that the total base payment amount across all LEAs remains the same at \$352,000.

Calculation for section 619 adjusted base payment:

Charter LEA is not eligible for a section 619 subgrant (including population and poverty amounts) because it serves children in grades 9 through 12 only.

Summary

The purpose of this practice guide is to explain and provide examples of the following two calculation methods that SEAs might use to make IDEA Part B section 611 and section 619 base payment adjustments for LEAs:

- » Method A: Individual adjustment for each Affected LEA (Individual Adjustment)
- » Method B: Group adjustment for all Affected LEAs (Group Adjustment)

This practice guide describes each of the four circumstances in the IDEA regulations at 34 CFR §§300.705(b)(2) and 300.816(b) that require a base payment adjustment and applies each of these sample calculation methods to those circumstances. One additional circumstance required by charter school law³ and specific scenarios regarding LEA closures is also included. The scenarios include multiple examples of how each circumstance may apply to LEAs, including charter school LEAs, that are transferring or assuming responsibility for serving children with disabilities.

³ See 20 U.S.C. §7221e, the U.S. Department of Education's Nonregulatory Guidance: Allocating Federal Funds to Charter Schools (<https://www2.ed.gov/policy/elsec/guid/cschoools/cguidedec2000.pdf>), and the OSERS Frequently Asked Questions about the Rights of Students with Disabilities in Public Charter Schools under the Individuals with Disabilities Education Act (<https://www2.ed.gov/policy/speced/guid/idea/memosdcltrs/faq-idea-charter-school.pdf>).

These scenarios are not comprehensive, and the sample calculations do not replace any guidance provided by OSEP. States should review these scenarios as suggestions for how adjustments might apply to their context.

If you have questions or encounter scenarios not covered here, please reach out to CIFR (cifr_info@wested.org) for assistance. CIFR technical assistance providers are available to assist states in applying base payment adjustments.

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