

# Quick Reference Guide on the Use of IDEA Part C Funds

*CIFR's quick reference guides assist states and other stakeholders in better understanding the basics of 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 or the U.S. Department of Education.*

## What are IDEA Part C funds?

Federal IDEA Part C funds assist states in implementing a coordinated system that provides early intervention services for infants and toddlers with disabilities from birth through age 2 and their families. Part C funds are allocated to states through a formula that is based on census figures of the number of children birth through age 2 in the general population. To receive a Part C formula grant, a state lead agency (LA) must submit an annual state grant application to the U.S. Department of Education, Office of Special Education Programs (OSEP), that includes a description of how it proposes to use its funds to support the state's early intervention program.

## What is permissive use of Part C funds?

A state LA may use its annual funds under Part C for activities or expenses that are reasonable and necessary for implementing the state's early intervention program for infants and toddlers with disabilities. IDEA also stipulates that Part C is the "payor of last resort," meaning that funds provided through Part C of IDEA are utilized only if early intervention services cannot be covered by other federal, state, or local funds. Typical of other education statutes, Part C includes a "supplement, not supplant" provision. This means that Part C funds cannot be used for items or activities currently funded by state or local funds or otherwise replace those funds.<sup>1</sup>

Part C funds may be used to support the state LA's role in supervision, monitoring, funding, interagency coordination, and other responsibilities. They may also be used for

- provision of direct early intervention services that are not otherwise funded through other public or private sources;
- expansion and improvement of services that are otherwise available, such as funding to support the recruitment of diverse Interagency Coordinating Council (ICC) representation; and

### Permissive use of funds

"...a lead agency may use funds for activities or expenses that are reasonable and necessary for implementing the State's early intervention program for infants and toddlers with disabilities"

**34 CFR §303.501**

### Payor of last resort

"...funds may be used only for early intervention services that an infant or toddler with a disability needs but is not currently entitled to receive or have payment made from any other Federal, State, local or private source"

**34 CFR §303.510(a)**

<sup>1</sup> Compliance with Part C's supplement, not supplant, requirement is measured through maintenance of effort (see 34 CFR §303.225(b)).

- collaborative efforts related to serving infants and toddlers at substantive risk for developmental delays if early intervention services are not provided, including establishing linkages with appropriate public and private community-based organizations, services, and personnel when the state's eligibility criteria preclude the state from directly serving at-risk children.

## Why do some costs require prior approval?

The cost principles in the Office of Management and Budget's (OMB's) *Uniform Guidance* establish a set of regulations for federal grants. Under these principles, state formula grant programs, including Part C grants, require prior written approval from OSEP for certain expenditures. State LAs should determine and report in Section III.B. of the state's annual grant application for Part C funds if a cost included in this section requires prior approval.

The annual instructions provided by OSEP to LAs for applying for a grant award under Part C detail the items for which state LAs must request and obtain OSEP prior approval. These include the following:

- budget changes
- equipment with a per unit cost of \$5,000 or more<sup>2</sup>
- participant support costs, including training or travel support costs for nonemployees
- construction or renovation of facilities
- rent, occupancy, or space maintenance costs

To ease the burden on grantees, the Office of Special Education and Rehabilitative Services (OSERS) has granted prior approval for two direct cost categories: certain participant support costs and certain equipment expenditures, as further described in an FAQ guidance document from October 2019 (see the *Resources* box at the end of this document).

## What are the reporting obligations regarding the use of Part C funds?

As noted, a state's grant application should reflect the anticipated use of Part C funds for service delivery and other activities that are intended to directly impact and improve outcomes for infants and toddlers with disabilities and their families. The state LA must collect and report IDEA Part C fiscal data in Section III of the grant application, as outlined in Table 1. States must post their application for 60 days or more prior to submission to OSEP for public comment and stakeholder input.

<sup>2</sup> Per 2 CFR §200.1, equipment is tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-federal entity for financial statement purposes, or \$5,000.

**Table 1. Part C Fiscal Data Collection and Reporting Obligations for Use of Part C Funds**

Reporting obligations under Section III	Part C fiscal data to be collected and reported
<p>Section III.A. – Description of the Use of IDEA Funds for the State LA and the ICC</p>	<p>For each position funded in whole or in part with IDEA Part C funds:</p> <ul style="list-style-type: none"> <li>• number of positions</li> <li>• percentage of time by position spent on Part C activities</li> <li>• salaries and fringe benefits for each position</li> </ul>
<p>Section III.B. – Maintenance and Implementation Activities for the State LA and the ICC</p>	<p>For each major activity or expense:</p> <ul style="list-style-type: none"> <li>• amount of Part C funds to be spent</li> <li>• description of activities/expenses, including noting if the expense is for the state LA or the ICC</li> <li>• determination if prior approval is required</li> </ul>
<p>Section III.C. – Direct Services (Funded by Federal IDEA Part C Funds)</p>	<p>For each early intervention service that the state LA expects to provide to eligible children and their families with IDEA Part C funds:</p> <ul style="list-style-type: none"> <li>• description of any direct early intervention service that the state LA expects to provide to eligible children and their families with federal IDEA Part C funds</li> <li>• approximate amount of federal IDEA Part C funds to be spent on each direct service</li> </ul>
<p>Section III.D. – Activities by Other State Agencies</p>	<p>If funds will be provided to state agencies other than the state LA:</p> <ul style="list-style-type: none"> <li>• name of each state agency receiving funds</li> <li>• amount of funds provided to each state agency</li> <li>• summary of the purposes for which the funds will be used</li> </ul>
<p>Section III.E. – Description of Optional Use of IDEA Part C Funds</p>	<p>If using funds for expanding and improving services that are otherwise available or for initiating, expanding, or improving collaborative efforts related to at-risk infants and toddlers in any state that does not provide services for at-risk infants and toddlers, state LA must report:</p> <ul style="list-style-type: none"> <li>• the major activity</li> <li>• amount of Part C funds to be spent</li> <li>• description of activities</li> </ul>

## Questions for states to consider:

### ***What is your timeline for gathering and analyzing IDEA fiscal data?***

States should plan for ongoing collection, analysis, and use of IDEA fiscal data to inform program planning throughout the year and to forecast future budget needs and resources. Part C state LA staff should provide adequate time for local programs to collect and report data and additional time for stakeholder input and statewide analysis prior to development of the next year's budget.

### ***What are your written procedures for collecting and reporting fiscal data?***

Written procedures that outline timelines for collecting and reporting fiscal data and identify roles and responsibilities of Part C staff help ensure consistent and accurate collection and analysis processes. Along with other reporting tools and resources, these written procedures should be available and easy for state and local staff to access.

### ***What quality assurance processes are implemented to ensure that fiscal data are accurate, valid, and reliable?***

Quality assurance processes should be routinely implemented to ensure that local programs are adhering to written procedures for collecting and reporting IDEA fiscal data. State LA staff need to follow appropriate data analysis and governance practices to verify that data are accurate, valid, and reliable.

### ***How do you communicate the state's anticipated budget and rationale for expenditures to key stakeholder groups such as the state's ICC?***

States are required to post the annual application for IDEA funds, including information on the use of funds in Section III, for public comment no less than 60 days prior to submission of the application to OSEP. In order for stakeholder groups such as the ICC to provide informed input, the state LA should have multiple ways of communicating budget needs and soliciting feedback.

## Resources on the allocation of Part B subgrants to LEAs:

- ECTA's Part C Fiscal 101 Training Modules: Module 4 "Use of Funds and Prior Approval"  
<https://ectacenter.org/topics/finance/fiscal101.asp>
- OSERS Grantee Letter and FAQ on Prior Approval (October 29, 2019)  
<https://www2.ed.gov/policy/speced/guid/faq-prior-approval-10-29-2019.pdf>
- U.S. Department of Education, Office of Special Education IDEA Part C Use of Funds in the COVID-19 Environment Q&A (June 25, 2020)  
<https://sites.ed.gov/idea/files/qa-part-c-use-of-funds-06-25-2020.pdf>

For additional resources, please visit CIFR at <http://cifr.wested.org> or contact us at [cifr\\_info@wested.org](mailto:cifr_info@wested.org).



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*Project Officers: Jennifer Finch and Charles Kniseley. December 2021.*

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