



Using IDEA Dollars to Finance a High Cost Fund

2024 Fiscal Webinar Series
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Presenters



Elena Lincoln
TA Liaison
CIFR



Candice Trainor
Director of Finance
Arizona Dept. of
Education

Sarah James
External Audit Manager
Ohio Dept. of Education
and Workforce

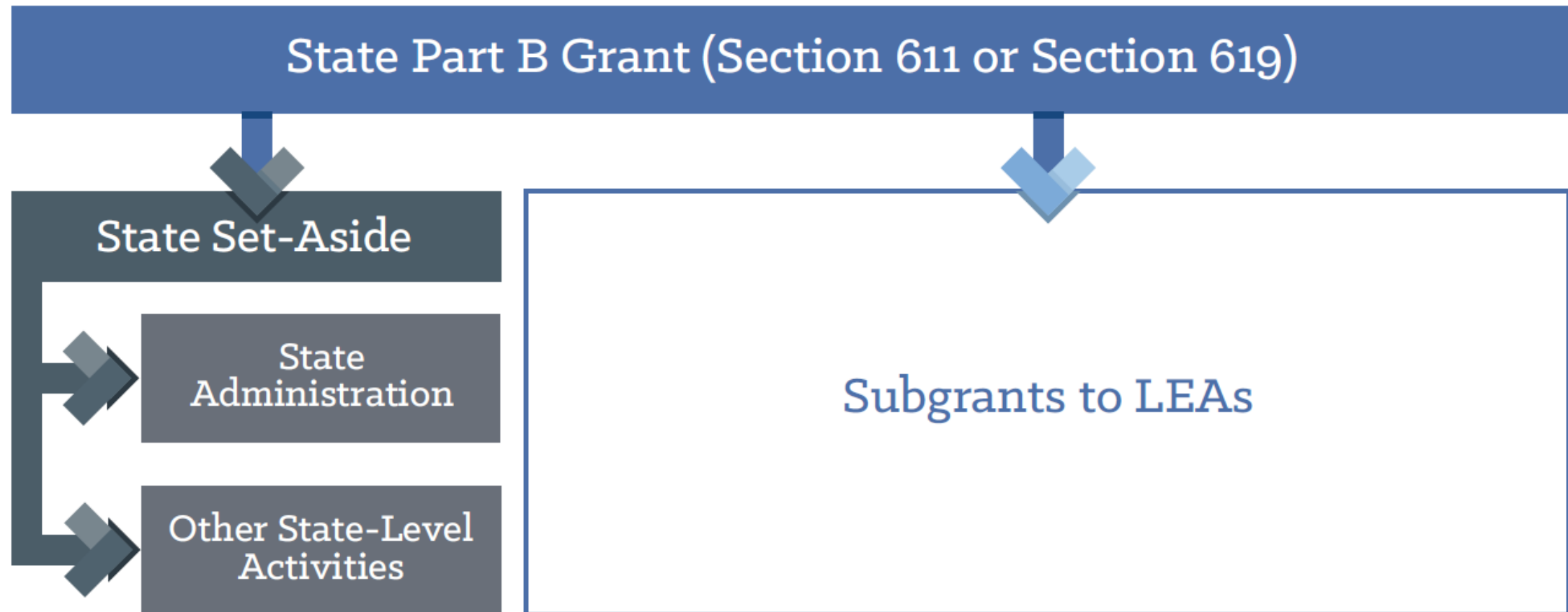
Sarah Stirling
Financial Program Manager
Ohio Dept. of Education and
Workforce

Overview

- High cost fund under IDEA Part B
- State plan requirements
- Disbursements
- Implications for LEA maintenance of effort
- Closing discussion

High Cost Fund Under IDEA Part B

IDEA Part B Set-Aside Funds



High Cost Fund Under IDEA Part B

Each State has the option to reserve for each fiscal year **10 percent** of the amount of funds the state reserves for **other state-level activities** under section **611** to establish a high cost fund **to assist LEAs** (including a charter school that is an LEA or a consortium of LEAs) in addressing the needs of **high need children with disabilities**

See 34 CFR §300.704(c)(1)

Increase Your Maximum Set-Aside

States that opt for a high cost fund can increase their overall maximum amount set aside for other state-level activities by 1%.

The exact percent depends on the amount set aside for state administration:

- Greater than \$850K for state administration: can set aside 10% for other state-level activities versus 9%.
- Less than \$850K for state administration: can set aside 10.5% for other state-level activities versus 9.5%.

Funding the Fund

Under 34 CFR §300.704(d), Section 611 set-aside funds are freed up from restrictions on commingling funds and supplanting other funds.

What does this mean for a high cost fund using IDEA dollars? States can have:

- Two separate high cost funds (one funded with IDEA dollars and one funded with state dollars)
- A single high cost fund solely funded with IDEA dollars
- A single high cost fund funded by both state and IDEA dollars
 - This could be braided (where funds are tracked by source) or commingled.

A Conversation With Our State Panel

Of the FFY 2021 Section 611 funds set aside for other state-level activities, less than 5% nationally was reserved for a high cost fund.

Set the stage for us regarding your state's high cost fund:

- How long has your state had an IDEA high cost fund?
- What prompted the establishment of the fund?
- Approximately what percentage of your other state-level activities do you set aside for the fund?
- What other funding sources, if any, do you use to finance the fund? Any unique lessons from using additional funding sources?

High Cost Fund Uses

- To finance and make disbursements from the high cost fund to LEAs
 - for the cost of providing direct special education and related services to the child as identified in that child's individualized education program (IEP).
 - for the cost of room and board for a residential placement determined necessary to implement a child's IEP.
- To support innovative and effective ways of cost sharing
 - up to 5% of the funds can be used to support innovative and effective ways of cost sharing by the state, LEA, or among a consortium of LEAs.

See 34 CFR §300.704(c)(2) & (c)(4)(ii)

High Cost Fund Limitations

Funds must not be used:

- for state costs associated with establishing, supporting, and otherwise administering the fund. (But states may use funds reserved for under state administration for administering the funds.)
- to support legal fees, court costs, or other costs associated with a cause of action brought on behalf of a child with a disability to ensure FAPE for such child.
- to pay costs that otherwise would be reimbursed as medical assistance for a child with a disability under the State Medicaid program under Title XIX of the Social Security Act.

See 34 CFR §300.704(c)(2)(i)-(ii), (c)(5), (c)(8)

A Conversation With Our State Panelists

Tell us a little about how your funds are used:

- Do you fund cost sharing through your fund?
- What are some examples of the types of things your fund covers?

State Plan Requirements

State High Cost Plan

- Must be developed not later than 90 days after the SEA reserves funds
- Must be reviewed annually and amended as necessary
- State plan must establish, in consultation and coordination with representatives from LEAs, a **definition of a high need child with a disability** that:
 - Addresses the financial impact a high need child with a disability has on the budget of the child's LEA, and
 - Ensures that the cost of the high need child with a disability is greater than 3 times the average per pupil expenditure.

34 CFR §300.705(c)(3)

Additional Plan Requirements

Each state plan must establish:

- Eligibility criteria for the participation of an LEA that, at a minimum, take into account the number and percentage of high need children with disabilities served by an LEA
- Criteria to ensure that placements supported by the fund are consistent with the requirements

Additional Plan Requirements (continued)

- Develop a funding mechanism that provides distributions each fiscal year to LEAs
- Establish an annual schedule by which the SEA must make its distributions from the high cost fund each fiscal year
- Describe how these funds will be used if the state elects to reserve funds for supporting innovative and effective ways of cost sharing

State Plan Available to the Public

The state must make its final plan available to the public not less than 30 days before the beginning of the school year, including dissemination of such information on the state website.

A Conversation With Our State Panelists

There are quite a few details to address when designing a state high cost fund and developing a plan.

- What tips or strategies for developing and reviewing your state plan do you have?
- What is your state's definition of high need children with a disability?

Disbursements

LEA Payments/Disbursements of Funds

- SEA must make all annual disbursements from the high cost fund
- Funds remain under state control until disbursed to the district to support a specific child
- Funds reserved but not expended before the beginning of their last year of availability for obligation must be allocated to LEAs in the same manner as other funds from the appropriation for that fiscal year during their final year of availability

See 34 CFR §300.704(c)(4-9)

A Conversation With Our State Panelists

After reviewing the technical rules when it comes to the fund payments and processing, tell us more about what this process really looks like in practice.

- How many claims do you get on average each year? What system do you use to process and review claims?
- Do claims typically use up the entire fund or do you have unused funds to flow through the subgrant formula at the end?
- Has the amount of the fund kept up with the need and with applications from the field over time?

Implications for LEA MOE

LEA MOE Exception (e)

An LEA may reduce MOE expenditures below the level of those expenditures for the preceding fiscal year if the reduction is attributable to the assumption of cost by the high cost fund operated by the SEA under §300.704(c). See 34 CFR §300.204(e).

This means that the state uses IDEA Part B federal funds

- from the high cost fund under 34 CFR §300.704(c)
- to assume a portion of the LEA's cost
- for a high-need child

LEA MOE Exception (e) Example

Sources of Amounts	Amounts (\$)
APPE	5,000
High cost fund threshold (3 x APPE)	15,000
Current expenditures for a specific child whose cost was covered by the LEA in the preceding state fiscal year (SFY)	25,000
Expenditures for the child that were assumed by the state's high cost fund in the current SFY (\$25,000–\$15,000)	10,000
Amount that the LEA can reduce its MOE in the year the costs for the child were first assumed by the SEA	10,000

Exceptions to the Exception

If the high cost fund is:

- Supported solely with state dollars: the exception is not allowed
- Supported solely with IDEA dollars: the exception is allowed
- Supported by both state and IDEA dollars: it depends
 - State and federal dollars must be tracked separately in order to use the LEA MOE exception for the portion covered by IDEA funds.
 - If state and federal dollars are commingled, the LEA will not be able to take this exception.

A Conversation With Our State Panelists

We just discussed some of the implications of having a high cost fund on other IDEA fiscal areas.

- What other intersections with finance or program offices have you encountered with your high cost fund?
- Which staff in your agency are involved in the administration of the fund and what strategies for communication and cross-agency planning do you use?

Closing Discussion

A Conversation With Our State Panelists

As we close out our conversation, let's reflect on your high cost fund as a whole.

- What would you consider to be the strengths of the high cost fund in your state?
- What do you know now that you wish you knew before?

Questions?

- What questions do you have for the state panel about their high cost funds?
- What experiences have you had with an IDEA Part B high cost fund, including decisions to not pursue?
- What takeaways do you have from today's webinar?

Poll: Please Help Us Plan for 2025!

- State maintenance of financial support
- State set-aside
- LEA maintenance of effort
- LEA allocations
- Coordinated early intervening services and CCEIS
- Fiscal monitoring

Please also add your ideas to the chat!

Contact Us



Web

cifr.wested.org

Email

cifr_info@wested.org

LinkedIn

[linkedin.com/groups/13978790/](https://www.linkedin.com/groups/13978790/)