

Developing Written Procedures for IDEA Part B State Set-Aside Funds

CIFR practice guides help state staff understand how to implement the fiscal reporting requirements of the Individuals with Disabilities Education Act (IDEA). These guides are not an official interpretation of IDEA by the Office of Special Education Programs (OSEP) or the U.S. Department of Education.

Introduction

Every year, eligible states receive a federal grant under IDEA Part B Section 611 to support special education and related services for children and youth with disabilities ages 3–21. They also receive a federal grant under IDEA Section 619 to support special education for children with disabilities ages 3–5. While most of these funds flow through to local educational agencies (LEAs) as subgrants, states may reserve a portion for state administration of the Part B program and other state-level activities.¹ These are commonly referred to as “state set-aside funds.” For more information, see CIFR’s *Quick Reference Guide on IDEA Part B State Set-Aside Funds*.

Each state educational agency (SEA) should have clear written procedures about how to budget, spend, and track these funds. Written procedures help state staff understand and meet IDEA Part B fiscal requirements for state set-aside funds. Additionally, a documented process facilitates consistent practices, continuity, effective communication, and the use of valid and reliable data. SEAs may also share procedures with LEA directors of special education, state legislators, auditors, and other interested parties to build an understanding of state set-aside funds and inform decisions.

This guide helps states develop, review, and improve procedures by providing guiding questions and sample language for key components. CIFR staff are available to support states in ensuring accurate and sustainable implementation.

Using This Guide to Document State Procedures

This practice guide helps states develop five key components of Part B state set-aside procedures:

1. Purpose of and Authority for Procedures
2. Allowable Uses of Section 611 and Section 619 Set-Aside Funds

¹ This practice guide is intended for eligible states as defined under 34 CFR §300.717(c). Outlying areas and the Bureau for Indian Education have different provisions that govern the use of set-aside funds (see 34 CFR §§300.704(a)(1)(ii) and 300.710).

3. Reserve and Budget Section 611 and Section 619 Set-Aside Funds
4. Monitor Use of Section 611 and Section 619 Set-Aside Funds
5. Staff Responsibilities and Timelines

For each component, the guide includes questions to help state staff create or review procedures, along with sample language for selected questions. Staff should review each guiding question and tailor responses based on their state's circumstances. Staff may also use the questions to assess current procedures and identify any updates, additions, or modifications. Because states allocate and monitor state set-aside funds differently, **the sample language is a starting point and not exhaustive for any component.**

States may wish to cite relevant state and federal statutes, regulations, and other resources. See CIFR's library of [Part B state set-aside resources](#).

Each section includes brackets indicating where to add state-specific details (e.g., [state] or [SEA]) and notes for users.

1. Purpose of and Authority for Procedures

This component defines state set-aside funds and identifies applicable federal and state regulations.

Guiding Questions

- » What is the purpose of these procedures?
- » What are Part B state set-aside funds?
- » Which IDEA regulations are related to set-aside funds?
- » What other federal regulations apply?
- » What state policies, procedures, or regulations are related to set-aside funds?

Sample Language

Annually, [state] receives a federal grant under IDEA Section 611 to support special education and related services for children and youth with disabilities ages 3–21. In addition, [state] receives an IDEA Section 619 grant to support special education for children with disabilities ages 3–5, including 5-year-olds in kindergarten. Under 34 CFR §§300.704 and 300.812–814, states may reserve a portion of IDEA Part B Section 611 and Section 619 funds for state administration of the Part B program and for specific state-level activities. The maximum amounts available for state administration and other state-level activities are determined by IDEA regulations and adjusted for inflation annually.

These procedures describe how [SEA] reserves, budgets, and manages these set-aside funds in accordance with IDEA. These procedures are managed by the [Special Education Division].

Applicable Federal Regulations

The following federal regulations establish authority for the requirements in these policies and procedures:

- » IDEA Part B: 34 CFR §300.149, SEA responsibility for general supervision; 34 CFR §300.171, Annual description of use of Part B funds; 34 CFR §300.704, State-level activities; 34 CFR §300.812, Reservation for State activities; 34 CFR §300.813, State administration; and 34 CFR §300.814, Other State-level activities

- » Office of Management and Budget (OMB) Guidance for Grants and Agreements (Uniform Grant Guidance): 2 CFR §200.302, Financial management; 2 CFR §200.303, Internal controls; 2 CFR §200.308(f), Revision of budget and program plans; and 2 CFR §200.329, Monitoring and reporting program performance

The following state laws and regulations establish authority for the requirements of these policies and procedures:

- » *[Insert citations for relevant state laws or regulations here.]*

2. Allowable Uses of Section 611 and Section 619 Set-Aside Funds

This component summarizes the permitted uses of Section 611 and Section 619 state set-aside funds.

Guiding Questions

- » What are the permitted uses for IDEA Section 611 and Section 619 state set-aside funds?
- » What are required uses for Section 611 state set-aside funds?

Sample Language

Allowable Uses of Section 611 Funds: State Administration

Section 611 funds reserved for state administration may be used to administer Section 611 and Section 619 programs. If the state educational agency (SEA) also serves as the lead agency for IDEA Part C, these funds may be used for Part C administration. The [SEA] [is/is not] the state's Part C lead agency.

The funds may also be used to coordinate activities under Part B, to provide technical assistance (TA), and to coordinate with other programs that provide services to children with disabilities. In addition, the portion of the administrative funds resulting from cumulative annual inflationary increases since Federal Fiscal Year 2004 may be used for four other activities (34 CFR §300.704(e)):

- » providing support and direct services, including TA, personnel preparation, and professional development and training;
- » helping LEAs provide positive behavioral interventions and supports (PBIS) and appropriate mental health services for children with disabilities;
- » helping LEAs address personnel shortages; and
- » supporting capacity-building activities and strengthening the delivery of services by LEAs to improve results for children with disabilities.

Required and Allowable Uses of Section 611 Funds: Other State-Level Activities

As required by 34 CFR §300.704(b)(3), [SEA] must budget a portion of the Section 611 funds reserved for other state-level activities:

- » for monitoring, enforcement, and complaint investigations and
- » to establish and implement a mediation process, including the costs of mediators and support personnel.

Consistent with 34 CFR §300.704(b)(4), any remaining funds may also be used:

- » for support and direct services, including TA, personnel preparation, and professional development and training;
- » to help LEAs provide PBIS and mental health services for children with disabilities;
- » to help LEAs address personnel shortages;

- » to support capacity-building activities and improve the delivery of services by LEAs;
- » for paperwork-reduction activities;
- » to support and improve technology use in the classroom;
- » to support technology used to maximize accessibility to the general education curriculum for children with disabilities;
- » to develop and implement transition programs;
- » for alternative programming, services in correctional facilities, state-operated or state-supported schools, and children with disabilities in charter schools;
- » to support developing and providing accommodations or alternate assessments;
- » to provide TA to LEAs; and
- » to help LEAs address the needs of high need children with disabilities.

[If the SEA uses other state-level activities funds for a high cost fund, include the following:]

Additionally, [state] uses 10 percent of its Section 611 amount set aside for other state-level activities to finance a high cost fund to help LEAs address the needs of high need children with disabilities.

[If the state uses these funds to support cost sharing by the state, by an LEA, or among a consortium of LEAs, this should be indicated in the procedures.]

[If the state operates a high cost fund with set-aside funds, it must develop a state plan that meets the requirements in 34 CFR §300.704(c)(3).]

Allowable Uses of Section 619 Funds

Up to 20 percent of funds set aside under Section 619 may be used to administer Section 619 and Part C programs and to coordinate with and provide TA to other programs that provide services to children with disabilities. Funds reserved but not used for administration must be expended on any of the other permitted uses identified in 34 CFR §300.814:

- » for support services, including the mediation process, which must benefit children with disabilities ages 3–5 and may also benefit children with disabilities younger than 3 or older than 5;
- » for direct services for eligible children with disabilities ages 3–5;
- » for activities at the state and local levels to meet the state’s performance goals for children with disabilities;
- » to supplement other funds used to develop and implement a statewide coordinated services system designed to improve results for children and families (limited to 1 percent of total Section 619 funds);
- » to provide early intervention services (which must include an educational component that promotes school readiness and incorporates preliteracy, language, and numeracy skills) to children with disabilities who are eligible for services under Section 619 and who previously received services under Part C until such children enter, or are eligible under state law to enter, kindergarten; and
- » to continue, at the state’s discretion, service coordination or case management for families who receive services under Part C.

3. Reserve and Budget Section 611 and Section 619 Set-Aside Funds

This component describes the process for reserving and budgeting Section 611 and Section 619 set-aside funds. Broader state procedures should address how the state determines the strategic use of these funds.

Guiding Questions

- » How does your SEA decide how much to reserve and how funds will be used? What is the timeline for making these decisions?
- » Which staff is responsible for this process, including the review and approval of budgets?
- » How are state needs assessed? What information does your state collect to make these decisions?
- » How do you gather input from LEAs and community partners? How do you use their feedback when creating your state set-aside budget?
- » How do you document activities for obtaining input in your state's annual Part B application?

Sample Language

Review annual allocation tables

The [SEA] receives the IDEA grant application materials and allocation tables from the U.S. Department of Education, Office of Special Education Programs (OSEP), typically by [date]. If not received by this date, the [IDEA Fiscal Manager] uses the previous year's allocations to prepare a preliminary budget. Once the final amounts are provided, the [IDEA Fiscal Manager] identifies the maximum state set-aside amounts available for administration and other state-level activities under both grants and revises the preliminary budget.

Determine reserved amounts and budget funds

[SEA] generally reserves [maximum/specific amount/percentage] of the maximum funds available for Section 611 and [maximum/specific amount/percentage] for Section 619. For Section 619, the SEA ensures the amount reserved for state administration does not exceed 20 percent of the total set-aside funds. The [Special Education Leadership Team] establishes preliminary budget priorities based on allowable activities and a review of prior-year budgets and expenditures, information on state set-aside funds that were reverted to the U.S. Treasury or reallocated to LEAs, and current state priorities and needs.

For Section 611, the SEA first allocates at least \$1 each for:

- » monitoring, enforcement, and complaint investigations and
- » mediation, including associated personnel and mediator costs.

[If the state uses an internal work group or conducts additional data analysis to develop the draft budget, the state's procedures should include a description of that process.]

Draft budgets are typically developed by [date]. Following development of the initial budgets, the [State Special Education and Program Team] engages interested groups—including LEAs and community partners—by [in-person meetings/surveys/virtual sessions] conducted by [date]. Feedback is collected by [date] and incorporated into the budgets by [date]. While 34 CFR §300.171 requires LEA input specifically for Section 611 set-aside budgets, [SEA] collects LEA feedback for both Section 611 and Section 619. Applying a consistent process promotes coordination and ensures that public input supports the strategic use of funds across both grants. The budgeting and input process for both Section 611 and Section 619 occurs in tandem. Once revised, the budgets are submitted to the [Office of Budget and Finance] for final review and approval.

Complete OSEP Interactive Spreadsheet

After approval, the [IDEA Fiscal Specialist] enters the budgeted Section 611 set-aside amounts into the OSEP Excel *Interactive Spreadsheet* as part of the IDEA Part B grant application. The SEA also submits a narrative description of the process used to gather LEA input on the distribution of funds to meet state priorities. Section 619 does not require budget reporting in the IDEA Part B application. *[If the state has internal procedures that inform how activities are budgeted using categories included in the Interactive Spreadsheet, include it here.]*

As required by 34 CFR §300.165(b), [SEA] publishes its proposed IDEA Part B application, including the *Interactive Spreadsheet*, for public review for at least 60 days and accepts public comments for a minimum of 30 days prior to submission. The final application is submitted to OSEP by the due date in May.

After the grant application is submitted, the [IDEA Fiscal Specialist] submits the final Section 611 and Section 619 budgets to the [Budget Office] for entry into the state's financial management system.

4. Monitoring the Use of Section 611 and Section 619 Set-Aside Funds

This component provides a summary of activities conducted to monitor the use of Part B Section 611 and Section 619 state set-aside funds, ensuring their timely obligation, compliance with federal requirements, and appropriate prior approvals.

Guiding Questions

- » What is the required period of performance for IDEA funds?
- » What is the state's process to monitor the obligation and liquidation of state set-aside funds?
- » Which offices and staff are responsible for overseeing state set-aside funds during the period of performance?
- » What data does the state use to ensure allowable and timely expenditures?
- » Which staff are responsible for determining the need for prior approval from OSEP and, when necessary, submitting formal requests?
- » What is the process for redistributing unspent set-aside funds to LEAs?

Sample Language

Following receipt of IDEA Part B funds, the [IDEA Fiscal Specialist] regularly monitors financial activities to ensure that Section 611 and Section 619 state set-aside funds are obligated, spent, and liquidated within the period of performance and seeks prior approval from OSEP as needed.

Period of Performance

The performance period for IDEA funds includes a forward funding period (3 months); an award year (12 months); and a carryover period, also known as "Tydings" (12 months). As such, IDEA funds, including set-aside funds, must be obligated within 27 months. IDEA funds not obligated by the end of the period of performance expire and must be reverted to the federal government. The state has 120 days after the Tydings Period ends to liquidate obligated funds. See 34 CFR §§76.703 and 76.709 and 2 CFR §200.344(c).

Monitoring

The [IDEA Fiscal Office] monitors all financial activity involving state set-aside funds to ensure compliance with applicable laws and regulations, the allowable use of funds, and the effective management of funds to support improved outcomes for children with disabilities.

The [IDEA Fiscal Specialist] reviews IDEA Part B Section 611 and Section 619 set-aside financial reports [quarterly/monthly] to verify that actual expenditures align with approved budgets and to ensure timely identification and correction of discrepancies in the use of IDEA state set-aside funds. This includes a reconciliation of [general ledger reports from the state accounting system/budget and actual expenditure reports/approved grant budget and narrative justifications/supporting documentation] to maintain adequate oversight of commitments, obligations, and expenditures.

The [IDEA Fiscal Specialist] specifically analyzes data to identify:

- » discrepancies such as misclassified expenditures. If adjustments are needed, the [IDEA Fiscal Specialist] works with the [Budget and Finance Office] to fix clerical errors.
- » spending trends such as over- or underspending that may require a budget revision. The [IDEA Fiscal Specialist] elevates any potential necessary budget revisions to [SEA Leadership] for consideration and approval before submitting to the [Budget Office] for entry into the state's financial management system.
- » any noncompliance or recurring issues that may require additional training for SEA staff.

Prior Approval

In accordance with 2 CFR §200.308, if cumulative changes among budget cost categories for Section 611 funds equal or exceed 10 percent of the total approved budget submitted to OSEP via the Excel *Interactive Spreadsheet*, the [State Special Education Director] contacts its assigned OSEP state lead to determine whether resubmission and formal approval of the revised budget is required. Following OSEP approval, the [IDEA Fiscal Specialist] updates its internal budget records in the state's financial management system to ensure alignment. There is no prior approval requirement for Section 619.

The use of state set-aside funds for capital purchases, specific subawards and contracts, indirect cost rate changes, and other unusual or high-risk expenses require prior approval from OSEP as indicated under 2 CFR §200.407. When prior approval is needed, the [State Special Education Director] provides the OSEP state contact with a formal request, including:

- » a written justification for the proposed expenditure;
- » documentation supporting the reasonableness, necessity, and allocability of the expenditure; and
- » references to applicable provisions under IDEA and Uniform Grant Guidance.

The [IDEA Fiscal Specialist] maintains a record of all items for which OSEP has granted prior approval to ensure consistency and facilitate future decision-making.

Reallocation of Unused Set-Aside Funds

Before the end of the performance period, the [SEA] may reallocate unspent set-aside funds to LEAs in accordance with the IDEA subgrant formula outlined in 34 CFR §300.705. The [Special Education Director/IDEA Fiscal Manager] generally determines if unspent set-aside funds will be reallocated to LEAs by [January 30 of the grant's Tydings Period]. If the reallocation results in a variance of 10 percent or more of the total set-aside budget for Section 611, the [Special Education Director] consults OSEP to determine whether formal prior approval is necessary. When reallocating, the [IDEA Fiscal Team] works with LEAs to facilitate planning to obligate the additional funds within their original performance period.

[If the SEA operates a high cost fund with set-aside dollars, it must develop and implement procedures in compliance with 34 CFR §300.704(c)(9) to ensure that any high cost funds reserved but not unexpended before the beginning of their last year of availability are redistributed to LEAs using the IDEA subgrant formula outlined in 34 CFR §300.705 during their final year of availability.]

5. Staff Responsibilities and Timelines

This component summarizes the office or position responsible for budgeting and monitoring the use of Part B set-aside funds and the timeline of state activities described in earlier sections.

Guiding Questions

- » What is the state's timeline for calculating and budgeting IDEA state set-aside amounts?
 - Are the timelines the same for IDEA Section 611 and Section 619 state set-aside funds?
- » Which offices or positions are responsible for implementing these procedures?
- » What type of training or procedural documentation is provided to the responsible staff?

Sample Language

The [Office of Special Education/IDEA Fiscal Team] is responsible for the oversight and implementation of these procedures. SEA staff will maintain capacity through necessary trainings and review of the requirements related to IDEA Part B Section 611 and Section 619 state-set aside funds. See Table 1 for the timeline of activities and responsible staff or office.

[The dates in the sample timelines below are recommendations based on the IDEA Part B grant cycle. SEAs should adjust the timelines to fit their state's processes.]

Table 1. [State's] Timeline and Activities to Budget and Expend IDEA Part B Section 611 and Section 619 State Set-Aside Funds

| Date | Activity | Responsible Staff/Office |
|----------------|---|--|
| By February 1 | Receive IDEA grant application and allocation tables from the U.S. Department of Education to be made available on July 1 of the current year. | State Special Education Director |
| By February 15 | Calculate preliminary Section 611 and Section 619 state set-aside amounts to reserve. Develop preliminary budget and populate the <i>Interactive Spreadsheet</i> . | IDEA Fiscal Manager |
| By February 28 | Convene LEA and community partners to solicit feedback and incorporate feedback into final budget. | State Special Education Director and IDEA Program Team |
| By March 1 | Publicly post IDEA Part B Grant Application (start of 60-day public hearing notice). | IDEA Fiscal Manager |

| Date | Activity | Responsible Staff/Office |
|---|--|--|
| By April 1 | Open IDEA Part B Grant Application for public comment (start of 30-day public comment period). | IDEA Fiscal Manager |
| By [application deadline date] | Submit Part B grant application to OSEP. | State Special Education Director |
| By May 15 | Submit final Section 611 and Section 619 state set-aside budget to [Office of Budget and Finance] for entry into the state's financial management system. | IDEA Fiscal Specialist |
| July 1–September 30 (27-month period of performance) | Each [month/quarter] during the period of performance, review financial reports of IDEA Part B Section 611 and Section 619 set-aside funds. Perform revisions as necessary. Request draw down through G5, the U.S. Department of Education's online grant management system. | IDEA Fiscal Manager and Specialist |
| By January 30 of the Tydings Period | Determine if unspent set-aside funds will be reallocated to LEAs. Distribute funds, if any, in accordance with the Part B subgrant formula and notify LEAs of additional funds. | State Special Education Director and IDEA Fiscal Manager |
| January 28 (120 days following end of period of performance; Liquidation Period) | Liquidate all remaining obligations for expired set-aside funds. | State Special Education Director and IDEA Fiscal Manager |

[If the state has a high cost fund under 34 CFR §300.704(c), the timelines should identify activities, dates, and responsible staff related to the disbursement of those funds.]

Summary

This practice guide provides questions and sample content to help states write procedures for budgeting and monitoring IDEA Part B state set-aside funds. Because states differ in how they manage state set-aside funds, each state should create written procedures that are tailored to its specific circumstances.

For assistance, contact [CIFR](#) and visit our library of [Part B state set-aside resources](#).

Applicable Federal Regulations

The current full text of regulations can be found at <https://www.ecfr.gov/>.

- » IDEA: 34 CFR §§300.149, 300.165, 300.171, 300.704, 300.705, 300.812, 300.813, 300.814
- » EDGAR: 34 CFR §§76.703, 76.709
- » OMB Guidance for Federal Financial Assistance: 2 CFR §§200.302, 200.303, 200.308, 200.329, 200.344, 200.407

The Center for IDEA Fiscal Reporting (CIFR) is a partnership among WestEd, AEM Corporation, American Institutes for Research (AIR), Emerald Consulting, the Frank Porter Graham Child Development Institute at the University of North Carolina at Chapel Hill, JHR Consultancy, the Center for Technical Assistance for Excellence in Special Education (TAESE) at Utah State University, and Westat. The Improve Group is CIFR's external evaluator.

This document was developed under grant #H373F200001 from the U.S. Department of Education. It is not intended to be a replacement for the IDEA statute, regulations, and other guidance issued by OSEP and the U.S. Department of Education. IDEA and its regulations are found at <https://sites.ed.gov/idea>. This document does not necessarily represent the policy of the U.S. Department of Education, and you should not assume endorsement by the Federal Government.

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Suggested Citation: Center for IDEA Fiscal Reporting. (2026). *Developing written procedures for IDEA Part B state set-aside funds*. WestEd.