

Instructions for Calculating Excess Costs

UTAH STATE OFFICE OF EDUCATION
FICAM RESOURCES

The basic idea behind the excess costs calculation is that each school district or charter school (Local Education Agency, or LEA) is required to spend at least the same average amount for the education of students with disabilities as the LEA spends on average for all students before Individuals with Disabilities Education Act (IDEA) funds may be used.

First, the LEA will calculate the average annual per student expenditure (for all students). This amount is used to set the minimum amount that must be spent on the education of students with disabilities from state and local funds before IDEA funds can be used to offset the excess costs of special education. This calculation is Part I, and is made using data from the prior year.

Second, the LEA will calculate the amount that was actually spent on the education of students with disabilities in all programs (including participation of students with disabilities in general education programs) to demonstrate that the LEA did in fact spend the minimum amount required. This calculation is Part II, and is made using data from the current year.

To be eligible for IDEA funds in FY13, each LEA must provide assurance of the intent to meet the Excess Costs requirement during the FY13 year, and must demonstrate that the LEA met the requirement for the FY12 year based on FY11 expenditure data. This calculation is made as part of the LEA financial closing procedures for the FY12 year, and submitted as part of the FY13 application for funds.

PREPARE FOR THE EXCESS COSTS CALCULATION

Several pieces of information are required to make the excess costs calculation. It will be helpful if you gather this data before you begin your calculation.

1. Define elementary and secondary schools for your LEA.
2. Determine the Average Daily Membership for the fiscal year you are calculating Part I.

"Average daily membership" or "ADM" means the aggregate days of membership of a school divided by the number of days the school was actually in session. ADM calculations include all students who enter or exit a school during the year.

The Utah State Office of Education (USOE) publishes ADM online at

Average Daily
Membership

<http://schools.utah.gov/data/Educational-Data/Student-Enrollment-and-Membership.aspx>

3. Determine the child count of students with disabilities for the fiscal year you are calculating Part II, as reported on December 1. For example, if you are calculating excess costs for FY13, you will need the child count of students with disabilities from December 1, 2011 (the 2011-12 school year).
4. Gather financial reports for your LEA for the fiscal years you are calculating Part I and Part II. USOE publishes the Annual Financial Report (AFR) and the Annual Program Report (APR) online at <http://www.schools.utah.gov/finance/Financial-Reports/Reports.aspx>
5. Gather internal financial records for your LEA. You will need access to the general ledger (or other similar reports) in order to calculate expenditures by elementary and secondary school level for Part I and Part II.
6. Prepare an excess costs calculator. The calculator we will use for this example is a self-calculating pdf document called “Excess Costs Self Calculating Worksheet” and available at <http://www.schools.utah.gov/sars/DOCS/finance/ecselfcwsheet.aspx>.

ASSIGN EXPENDITURES BY SCHOOL LEVEL

The Office of Special Education Programs (OSEP) is responsible for the administration of IDEA funds, and has provided clear instructions that the excess costs calculation must be reported separately for elementary and secondary schools. OSEP has further clarified that it is the responsibility of the LEA to make this calculation based on costs that can be attributed to each school level, and not simply based on the portion of the LEA population served at each level.

To assign expenditures by level:

1. Assign expenditures to individual elementary or secondary schools wherever possible.
2. Apportion remaining district or multi-school expenditures based on enrollment.

Expenditure

Expenditure: Payment of cash or cash-equivalent for goods or services, or a charge against available funds in settlement of an obligation as evidenced by an invoice, receipt, voucher, or other such document.

Note that the excess costs calculation is based on what the school actually spent during the fiscal year, not on the amount of funds that were available to the LEA through federal, state, or local sources.

PART I: CALCULATE THE MINIMUM

The first step in calculating excess costs is to establish the minimum amount the LEA must spend on the education of students with disabilities from state and local funds before IDEA funds may be used to offset the excess costs of special education.

To establish the minimum, the LEA will calculate total expenditures minus capital outlay, debt service, and certain other federal, state, and local funds. This amount is then divided by the total ADM to determine the average annual per pupil expenditure. This average is multiplied by the child count of students with disabilities to determine the minimum amount.

STEP A: TOTAL EXPENDITURE

Calculate the total expenditure from state, local, and federal funds for the fiscal year in question, assigned to elementary and secondary levels. Total expenditure includes expenditures for the entire LEA, not just for the special education program.

Use the APR to verify total expenditures. If your LEA has both elementary and secondary schools, you will need internal accounting records such as the general ledger to assign expenditures to the school level. The APR does not include information by school level.

STEP B: SUBTRACT CAPITAL OUTLAY AND DEBT SERVICE

Use internal accounting records or the APR and to identify capital outlay and debt service.

STEP C: SUBTRACT CERTAIN RESTRICTED FUNDS

Using your LEA accounting records, identify expenditures by school level for certain funding sources. Although these are all restricted funds, this does not mean that all restricted funds can be subtracted. These sources are specifically listed in the IDEA regulations:

1. IDEA Part B
 - a. School Age – Section 611 (3-21)
 - b. Preschool – Section 619 (3-5)
2. Title I-A
3. Title III-A & III-B
4. State special education funds
 - a. Add-On
 - b. Self Contained
 - c. Extended School Year (services for students)
 - d. Preschool

- e. State Programs
- 5. Local special education funds
- 6. State or local funds used for Title I-A
- 7. State or local funds used for Title III-A or III-B

STEP D: DETERMINE AVERAGE ANNUAL PER PUPIL EXPENDITURE

Enter the total ADM for all students, including students with disabilities. USOE publishes total ADM for several years online at <http://schools.utah.gov/data/Educational-Data/Student-Enrollment-and-Membership.aspx>. If all schools in your LEA change from elementary to secondary at the same grade level, you can easily add the grade levels from this listing to find your ADM. If not, you must use internal records from each school to determine the elementary and secondary ADM.

The worksheet will divide the subtotal from Step C by your ADM at each level to calculate your average annual per pupil expenditure.

STEP E: CALCULATE THE MINIMUM AMOUNT

Your average annual per pupil expenditure will be multiplied by your child count of students with disabilities as of December 1 to determine the minimum amount that must be spent on the education of students with disabilities.

PART II: CALCULATE THE ACTUAL EXPENDITURE

The second part of the excess costs calculation is to show that the LEA did in fact spend at least the minimum amount calculated in Part I. This calculation is made on the fiscal year immediately following the fiscal year used for Part I. For the calculation of Part II, the prevalence rate of students with disabilities is used to attribute expenditures to students with disabilities because they are participants in all functions and aspects of the LEA.

STEP 1: CALCULATE THE PREVALENCE RATE

The prevalence rate is automatically calculated based on the ADM numbers submitted in Part I.

STEPS 2-4: DETERMINE NON-FEDERAL EXPENDITURES

Using your LEA accounting records, identify state and local expenditures by school level for all schedules of the APR. It is important that you **not include any federal expenditures in this section**, even if the federal expenditures are from programs other than those subtracted in Part I.

For expenditures in special education, the full amount (not multiplied by prevalence) is included in the total.

STEP 5: CALCULATE THE ACTUAL AMOUNT OF NON-FEDERAL FUNDS SPENT

The actual amount of non-federal funds spent on the education of students with disabilities is automatically calculated as you enter expenditures in Steps 2-4.

SUBMIT EXCESS COSTS CALCULATION

The calculation of Excess Costs must be submitted as a related document within the Utah Consolidated Application (UCA). This documentation is a required element of the fiscal monitoring system, and of the application for IDEA funds.

For more information about the excess costs requirement, please contact Jennifer Howell at jennifer.howell@schools.utah.gov or 801-538-7724.