



# Excess Cost: The Basics

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CIFR and IDC in collaboration  
with NCSI Fiscal Team.



# Session Outcomes



## Participants will increase their knowledge about:

- What the Excess Cost calculation requires.
- How the Excess Cost calculation is done.
- Why Excess Cost is calculated.

## Participants will increase their knowledge through:

- Application of the Excess Cost requirement through a state lens.

# Excess Cost: Use of IDEA Funds



IDEA funds may only be used to pay the excess costs of providing special education and related services for children with disabilities

**34 CFR § 300.202(a)(2)**

# Excess Costs: Definition



Costs in excess of the average annual per-pupil expenditure (APPE) in an LEA during the preceding school year

34 CFR §300.16

# Excess Costs: Calculation of Costs



Excess costs must be computed separately for elementary school students and secondary school students.

34 CFR § 300.16

# Excess Costs: Appendix A Calculation



## How does the LEA calculate the APPE for elementary students?

- Determine total expenditures for elementary school students from all sources – local, State and Federal
- Deduct from that total any capital outlay and debt service expenditures that are applicable to elementary schools
- Deduct Federal funds expended for IDEA Part B, Part A of Title I and Parts A and B of Title III
- Deduct State and local funds expended for programs under IDEA Part B, Part A of Title I and Parts A and B of Title III

# Excess Costs: Appendix A Calculation (continued)



How does the LEA calculate the APPE for elementary students (continued)?

- Determine the APPE for elementary students from the immediate prior year by dividing the amount from the previous slide by the average number of students (including students with disabilities) enrolled in the elementary schools in the LEA during the preceding year (2015-2016).

# Excess Costs: Appendix A Calculation (slide 2)



**How does the LEA calculate the total minimum amount of funds it must spend for the education of its elementary students with disabilities to meet the excess cost requirement in the 2016-2017 school year?**

- Multiply the number of children with disabilities in the LEA's elementary schools in the current year's child count (the year to which the excess cost applies, i.e., December 1, 2016) by the APPE determined for elementary students for the previous year (e.g., 2015-2016)

# Excess Costs: Key Questions



## Critical Element (CrEAG) Fiscal Systems (FS)

1. Does the State have procedures that are reasonably designed to ensure that funds are distributed in accordance with Federal requirements?
2. How does the State ensure that its LEAs/ESAs expend IDEA funds only for the excess costs of providing special education and related services to eligible children with disabilities?

# Excess Costs: Risk Assessment and Internal Controls



1. Preventative
2. Detective
3. Corrective

# The Kansas Approach

# KS Excess Cost: Collecting the Data



	Budget Amount	Transfers	Remaining	Secondary Expenditures
General (Code 06, line 175)	37932816	11312930	26619886	
Supplemental General (Code 08, line 175)	10277501	4153322	6124179	
At Risk (4yr Old) (Code 11, line 175)	115000	0	115000	
At Risk (Code 13, line 175)	3693945	0	3693945	
Bilingual (Code 14, line 175 less lines 35, 40)	174252	0	174252	
Virtual School (Code 15, line 175)	1294858	0	1294858	
Capital Outlay (Code 16, line 175)	3027436		3027436	
Driver Training (Code 18, line 175)	136176	0	136176	
Food Service (Code 24, line 175)	1037824		1037824	
Prof. Development (Code 26, line 175)	17926	0	17926	
Summer School (Code 29, line 175)	10329	0	10329	
Special Education (Code 30, line 175 less lines 55, 60, 65)	8439277	0	8439277	
Vocational Education (Code 34, line 175 less lines 115, 125, 130)	736644	0	736644	
Gifts and Grants (Code 35, line 175)	2673851		2673851	
Spec. Liability Expense (Code 42, line 175)	0	0	0	
KPERS Sp. Retirement (Code 51, line 175)	4202901		4202901	
Contingency Reserve (Code 53, line 175)	676206	600000	76206	
Textbook and Fees (Code 55, line 175)	266562	0	266562	
Activity Funds (Code 56, line 175)	185000		185000	
Bond & Interest #1 (Code 62, line 100)	10659685		10659685	
Bond & Interest #2 (Code 63, line 100)	0		0	
No Fund Warrants (Code 66, line 85)	0		0	
Special Assessment (Code 67, line 175)	0		0	
Totals			70640758	0
All 700s throughout the Budget	1148821		1148821	

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# KS Excess Cost: Compute Threshold



SAMPLE LEA - USD 999	FFY11 Data		FFY12 Data	
	Secondary	Elementary	Secondary	Elementary
Prior Year's State and Local Special Education Expenditures	\$950,000	\$3,100,000	\$890,125	\$2,000,000
Prior Year's Total Expenditures less all excepted funds and expenditures per Appendix A Part 300	\$10,500,000	\$8,200,000	\$9,000,000	\$7,500,000
Current Year's December 1 count (students with disabilities)	100	130	90	150
Prior Year's September 20 count (total student count)	800	1,200	750	1,450
Prior Year's Average Annual Expenditure per LEA Student	\$13,125	\$6,833	\$12,000	\$5,172
Total Minimum that LEA must expend on education of children with disabilities in current year before using Part B funds	\$1,312,500	\$888,333	\$1,080,000	\$775,862

# KS Excess Cost: Compliance Test



FFY11 Compliance Results	Secondary	Elementary
FFY11 Actual Total Average state and local expenditure for students with disabilities less all excepted funds and expenditures per Appendix A Part 300	\$1,200,000	\$672,414
FFY11 Actual total state and local special education funds expended	\$890,125	\$2,000,000
Total FFY11 State and local funds Expended for education students with disabilities	\$2,090,125	\$2,672,414
Result	MET	MET

This protocol tests for the prior year's Excess Cost compliance by comparing prior year's actual average student expenditure computed separately for both elementary and secondary students multiplied by the prior year's actual student with disabilities count plus the prior year's actual state and local special education expenditures to the calculated minimum, as determined in the prior fiscal year.

# KS Excess Cost: Review Results



2015 Excess Cost Worksheet Submitted to Edited by: [redacted]  
 KSDE Sentel12/15/2014  
 D0 [redacted]

Category	Description	Secondary Amount	Elementary Amount
Excess Cost Worksheet Final Report - LEA	Total State & Local Expenditures	\$193,872,855	\$354,653,035
	Total Federal Funds Expenditures	\$11,910,529	\$54,717,760
	Total Expenditures from all Sources	\$205,783,384	\$409,370,795
	Capital Outlay	\$10,175,644	\$24,509,397
	Debt Services	\$9,975,074	\$31,160,850
	Total Capital Outlay & Debt Services	\$20,150,718	\$55,670,247
	Total Expenditures less Capital Outlay & Debt Services	\$185,632,666	\$353,700,548
Deduct prior year's Special Education Expenditures	IDEA, Part B	\$3,424,287	\$7,837,472
	ESEA Title I, Part A	\$768,152	\$18,607,048
	ESEA Title III, Parts A & B	\$163,721	\$607,735
	State and Local Special Education funds	\$20,930,238	\$64,169,770
	State and Local Funds for Programs under ESEA Title I, Part A and ESEA Title III, Parts A & B	\$2,360,352	\$10,278,674
	Total Special Education Deductions	\$27,646,750	\$101,500,699
	Total Expenditures less Special Education Expenditures	\$157,985,916	\$252,199,849
Prior Year's School Enrollments	Prior Year's September 20th count	\$13,388	\$35,191
	Prior Year's December 1st count	\$1,829	\$5,081
Current Year's Excess Cost Results	Average Annual Expenditure per LEA Student	\$11,801	\$7,167
	Minimum amount LEA must spend in the current year for the education of elementary students with disabilities before using IDEA Part B funds	\$21,584,029	\$36,415,527
Result		Met	Met

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