

# Excess Cost

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# SUMMARY

- ⊙ Major Points to Remember:
  - ⊙ To calculate excess costs:
    - ⊙ Multiply the average per pupil expenditure (APPE) from the immediate prior year
    - ⊙ By the December 1 child count for the current year – the year to which the excess cost applies
  - ⊙ Be sure to include all Federal, State, and local funds in the total expenditures and back out only the Federal, State, and local funds indicated in the formula
  - ⊙ You **MUST** calculate separately for elementary school students and secondary school students



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# PART B EXCESS COST EDGAR AND IDEA

Subpart F: What are the administrative responsibilities of the subgrantee?

- ⊙ 34 CFR § 76.700 – Compliance with statutes, regulations, and applications
- ⊙ 34 CFR § 76.731 – Records related to compliance



# PART B EXCESS COST IDEA

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

See 34 CFR § 300.202(a)(2)

# PART B EXCESS COST DEFINITION

What are excess costs?

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

See 34 CFR § 300.16

# PART B EXCESS COST DEFINITION

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

See 34 CFR § 300.16

# PART B EXCESS COST 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

# PART B EXCESS COST CALCULATION

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

- ⊙ 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

# PART B EXCESS COST CALCULATION

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 (2011-2012)

# PART B EXCESS COST CALCULATION

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 2012-2013 school year?

- ① 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, 2012) by the APPE determined for elementary students for the previous year (e.g., 2011-2012)

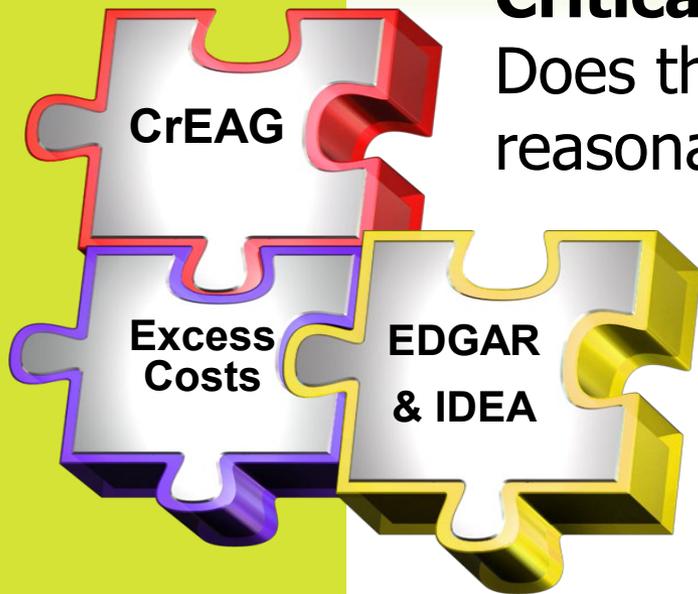
# PART B EXCESS COST ESTIMATING

- ③ For planning purposes, an LEA may choose to estimate the total minimum amount of funds it must spend for the education of children with disabilities enrolled in its elementary schools (e.g., if needed as part of the LEA's application for Federal Part B funds)
- ③ Simplest estimation is to use the previous year's aggregated APPE (APPE x child count)

# PART B EXCESS COST

- ⊙ Prevents an LEA from using Part B funds to pay for all of the costs of educating a child with a disability
- ⊙ Except for children with disabilities aged 3, 4, 5, 18, 19, 20, or 21, if no local or State funds are available to provide education to children without disabilities of these ages

# PART B EXCESS COST CrEAG

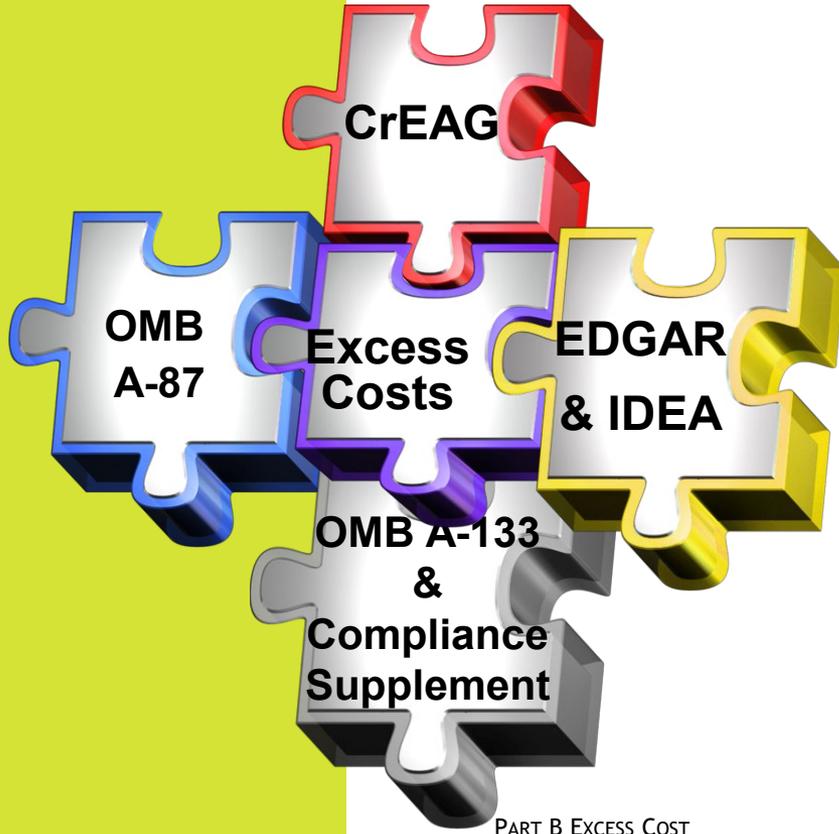


## **Critical Element Fiscal Systems (FS) - 1:**

Does the State have procedures that are reasonably designed to ensure that funds are distributed in accordance with Federal requirements?

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?

# PART B EXCESS COST A-87 AND A-133



- ⊙ Added to Compliance Supplement in March 2010
- ⊙ Grant Award Implications
- ⊙ Failure to meet excess cost requirement could result in the State recovering funds from the LEA

# PART B EXCESS COST RISK ASSESSMENT AND INTERNAL CONTROLS

## Control activities:

- ⊙ Preventative
  - ⊙ Deters risk from being realized
- ⊙ Detective
  - ⊙ Determines if risk could be realized
- ⊙ Corrective
  - ⊙ Detects if risk has been realized and reacts

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