

Part C Methods

Background Information

Part C of the Individuals with Disabilities Education Act (Part C) is a formula grant administered by States to assist them in developing and implementing a statewide, comprehensive, coordinated, multidisciplinary interagency system that provides early intervention services for infants and toddlers with disabilities through age 2 and their families. Part C funds are designed to serve as “glue money,” facilitating the identification and coordination of available resources and implementing the State’s early intervention (EI) program for infants and toddlers with disabilities. Part C funds are intended to be used as the payor of last resort, when other Federal, State, and local funds are not available to pay for EI services.

Each State is required to have in place a written method to establish financial responsibility for the provision of Part C services, if there are State-level agencies, other than the State lead agency, that provide or pay for Part C services in the State. The written method may be established through one of the following: State law or regulation; signed interagency and intra-agency agreements; or other appropriate written methods.¹ 34 CFR §303.511(b).

If the State uses any Method other than a State statute or regulation (i.e., an interagency agreement or another appropriate written method) to ensure the provision of, and financial responsibility for, Part C services, the State must submit, consistent with 34 CFR §303.203(b)(2), that Method (the agreement or other written method) to the Department as part of Section II.A.3.b of the State’s IDEA Part C grant application. During the Part C grant application approval process, OSEP reviews the State’s Methods that are required to be submitted to OSEP for compliance with the requirements in 34 CFR §§303.202 and 303.511. The purpose of OSEP’s fiscal monitoring in this area is to examine the State’s implementation of those Methods.

Under Section II.A.3.b and II.D of the IDEA Part C application, any State that has not submitted an approvable Method through the application process, but is required to do so, must provide an assurance that the State will operate consistent with the requirements of Part C of the IDEA in 20 U.S.C. 1431 through 1443 and the final Part C regulations in 34 CFR Part 303.

- I. **Monitoring Protocol: Use of Funds requirements:** For this area, the U.S. Department of Education’s Office of Special Education Programs (OSEP) will determine whether the Methods the State has in place to establish the financial responsibility for the provision of Part C services with other State-level public agencies that provide or pay for Part C services are consistent with the Part C use of funds requirements.²

¹ See attachment A, the OSEP Checklist for Reviewing a Method Under Section II.A.3.b of the IDEA Part C Grant Application, for requirements that must be included in a State Method. Also available at <https://www2.ed.gov/fund/grant/apply/osep/2013grantawardpackages/partmethodschecklistannotatedversionforstates.pdf>

² Note that, although it is not required that a State’s Method include reference to the use of funds, any provisions in the State’s Method related to the use of funds must be consistent with Subpart F, including the use of funds requirements in 34 CFR §§303.501.

For those States that have established a Method, OSEP will examine that Method, operational procedures, and related supporting documentation, to determine how the lead agency:

- a. Is implementing its Method for ensuring the financial responsibility for the provision of Part C services provided or paid for by other State-level public agencies.
- b. Is ensuring that any provisions in the State's Method related to the use of Part C funds are allowable under the cost categories described in the permissive use of funds requirements in 34 CFR §303.501.
- c. Is appropriately *implementing* any aspects of its Method relating to the use of Part C funds.

Documents needed:

- The State's Method.
- Documentation demonstrating the implementation of the Method (e.g., documentation/State forms related to the use of funds to support staff/activities described in the State's Method).

Sample Questions:

1. Does the State's Method reference the use of funds? If so:
 - i. Do the uses of Part C funds described in the State's Method fall under the categories of cost described under the permissive use of funds requirements?
 - ii. How does the State implement those provisions?

- II. **Monitoring Protocol: Payor of Last Resort requirements:** For this area, OSEP will ask the State to identify the funding sources that are used to pay for IDEA Part C services, such as public benefits or insurance, private insurance or family cost participation fees. OSEP will examine what mechanisms the State uses to ensure that Part C funds are not used to satisfy a financial commitment for services that would otherwise have been paid for from another public or private source. 34 CFR §§303.202 and 303.510.

To the extent that other funding sources are used to pay for Part C service, OSEP will examine the State's Method, operational procedures, and related supporting documentation to determine how the lead agency implements and monitors the requirements in the IDEA Part C regulations, including:

- a. Part C funds that are used as the payor of last resort (POLR) consistent with 34 CFR §§ 303.501 and 303.510(a), and
- b. Part C funds that are used to provide for interim payments and reimbursements, if necessary to prevent a delay in the timely provision of appropriate EI services, pending

reimbursement from the agency or entity that has ultimate responsibility for the payment, consistent with 34 CFR §303.510(b).

See Part C System of Payments monitoring protocol for additional requirements that apply when other funding sources are used to pay for Part C services.

Documents needed:

- The State’s Method.
- Documentation related to the implementation of the aspects of that Method (e.g., operational procedures, system of payments (SoP), and for available payor sources State monitoring of EI providers related to implementing the State’s SoP, evidence of State training provided on POLR requirements, etc.).

Sample Questions:

1. What funding sources are used to pay for IDEA Part C services?
2. Is the supporting documentation provided by the State consistent with the POLR requirements?
3. Has the lead agency provided interim payments and reimbursements using Part C funds to ensure that EI services were delivered in a timely manner pending reimbursement from the agency or entity that has ultimate responsibility for the payment?
 - i. If so, were the State’s procedures for providing interim payments and reimbursements followed?

III. **Monitoring Protocol: System of Payments (SoPs):** As applicable, OSEP will examine whether the State’s Method is consistent with the written funding policies adopted by the State, including the State’s system of payments regarding the use of insurance (public and/or private) to pay for Part C services. 34 CFR §§ 303.511(d)(2) and 303.520.

If applicable, OSEP will examine the State’s Method, related procedures, and other available documentation to determine:

- a. Whether the State’s Method is consistent with the approved system of payments established by the lead agency.
- b. How the State ensures that the other State-level agencies (that provide direct services) operate consistently with the SoP.

Documents needed:

- The State’s Method
- The State’s approved SoP (cross-reference with fiscal monitoring protocols for SoPs).
- Evidence of training/implementation in partner agencies.
- Evidence of monitoring/oversight of the implementation of the SoP.

Sample Questions:

1. Is the State's Method consistent with the SoP established by the lead agency?
2. Do other State-level agencies provide EI services and, if so, how does the State ensure that those agencies operate consistently with the SoP?

IV. **Monitoring Protocol: Resolution of Disputes:** For this area, OSEP will examine the mechanisms used by the State to:

- a. Implement its procedures for achieving a timely resolution of intra-agency and interagency disputes about payments for a given service, or disputes about other matters related to the State's early intervention service program.³
- b. Reassign the financial responsibility to the appropriate agency, if the assignment of financial responsibility was inappropriately made when there was a dispute; and make arrangements for reimbursement of any expenditures incurred by the agency originally assigned financial responsibility. 34 CFR §303.511(c)(3).
- c. Ensure that no Part C services are delayed or denied because of disputes between agencies regarding financial or other responsibilities. 34 CFR §303.511(d)(1).

Documents needed:

- The State's Method
- State sample forms related to the fiscal dispute system described in the State's Method.
- If available, documentation related to the resolution of actual disputes.

Sample Questions:

1. Has the lead agency experienced any intra-agency and/or interagency disputes about payments for a given service, or disputes about other matters related to the State's early intervention service program? If so, how did the lead agency implement its procedures and achieve a timely resolution of that dispute?
2. Have there been any instances where the lead agency resolved its own internal dispute? If so, how was the dispute resolved, and was it resolved in a timely manner?
3. Have there been any instances where the lead agency resolved any intra-agency disputes? If so, how was the dispute resolved, and was it resolved in a timely manner?
4. Have there been any instances where the lead agency reassigned financial responsibility to the appropriate agency following a dispute? If so, how did the lead agency make arrangements for reimbursement of any expenditures incurred by the agency originally assigned financial responsibility?

³ Those procedures must include a mechanism for resolution of disputes within agencies and for the Governor, Governor's designee, or the lead agency to make a final determination for interagency disputes, which determination must be binding upon the agencies involved. (34 CFR §303.511(c)(1)).

5. In the event of an interagency dispute regarding financial or other responsibilities, how did the lead agency ensure that no Part C services were delayed or denied as a result of the dispute?

- V. **Monitoring Protocol: Additional Components:** As applicable, OSEP will examine the State's implementation of any additional components of its Method considered by the State to be necessary to ensure effective cooperation and coordination among other State-level public agencies that provide or pay for Part C services, and the lead agency's general supervision (including monitoring) of EI service providers involved in the State's early intervention service programs.

Resources:

- Part C Methods Checklist
- State examples (for internal use)