Washington Office of Superintendent of
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Washington State Office of Superintendent of Public Instruction

IDEA Part B
Excess Cost Manual

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Purpose and Authority

IDEA Part B funds two federal grants to states to help local educational agencies (LEAs) provide a free appropriate public education (FAPE) to students with disabilities:

1) The Grants to States for Education of Children with Disabilities program (authorized under Section 611 of IDEA) to support students with disabilities ages 3 to 21.
2) The Preschool Grants for Children with Disabilities program (authorized under Section 619 of IDEA) to support students with disabilities ages 3 to 5.

State education agencies (SEAs) allocate subgrants of both Section 611 and Section 619 funds to LEAs. LEAs may only use IDEA Part B Section 611 and Section 619 funds to pay for the excess cost of providing special education and related services to eligible students with disabilities (SWDs). IDEA Part B funds may only be used to support “excess costs,” which are the costs above and beyond what an LEA spends on average to educate an elementary or secondary school student.

Students with disabilities may require extra supports and services that generate additional costs for LEAs. IDEA explains at 34 CFR §300.16, §300.202(b), and Appendix A to Part 300 that an LEA is required to use its IDEA funds for costs of special education and related services that are in excess of the costs for all students. This ensures that the LEA spends at least as much on students with disabilities as on students without disabilities before using IDEA funds. IDEA is meant to help supplement these additional costs, not the entire cost of educating a student with a disability.

In order to meet the excess cost determination, districts must spend, from state and local funds, the average annual per student expenditure amount on a student with disabilities before accessing Part B funds. 34 CFR §300.16 requires districts to compute this determination at both the elementary and secondary level. An LEA meets the excess cost requirement if it has spent at least a minimum amount of non-IDEA dollars for the education of students with disabilities. Compliance with the excess cost requirement is evaluated by looking at the LEA’s aggregate spending for elementary and secondary students in a given school year, rather than looking at any particular cost to determine if it is a “general cost” or an “excess cost.”

The Washington State Office of Superintendent of Public Instruction (WA-OSPI) examines how much each LEA spent on average per student in the last school year. This amount consists of all non-IDEA funds. LEAs must have a separate calculation for the per-student amount for elementary school students and the per-student amount for secondary school students.

While the excess cost requirement has been a part of IDEA since 1975, new guidelines for determining whether school districts have met the excess cost requirement were published in Appendix A to Part 300 in 2006. Each district is responsible for calculating its excess costs annually.

Excess Cost Requirements

Excess costs are costs that are in excess of the average annual per-pupil expenditure (APPE) in an LEA during the preceding school year for an elementary school or secondary school student, as may be appropriate, which must be computed after several deductions:

- (a) Amounts received
  - (1) under Part B of the Act,
  - (2) under Part A of Title, I of the ESEA, and
  - (3) under Parts A and B of Title III of the ESEA.
- (b) Any state or local funds expended for programs that would qualify for assistance under any of the parts described in example (a) of this list, excluding any amounts for capital outlay or debt service.

IDEA Part B regulations in Appendix A to Part 300 provide an example of the calculation process that WA-OSPI is required to follow when determining the threshold amount for elementary and secondary schools.

WA-OSPI Excess Cost Calculation Process

Excess Cost Information and Submission Process

Annually, LEAs must complete the Excess Cost Worksheet for elementary and secondary school students. The Excess Cost Worksheet must be approved by the WA-OSPI Special Education Department (SED) Fiscal Program Supervisor and Director of Operations prior to the LEA's subgrant application being converted to an award.

The guidelines for the annual subgrant application and assurances list the allowable uses of IDEA Part B subgrant funds as follows:

1. They must be used only to pay the excess cost of providing special education and related services to students with disabilities.
2. They must be used to supplement state, local, and other federal funds and not to supplant such funds.
3. They must not be used to reduce an LEA's maintenance of effort (MOE) for the education of students with disabilities below the preceding year's level.

When calculating excess cost, LEAs must use the following public school classifications as used in the Public School Code included in state law at WAC 392-172A-01060.

Note: "Elementary school" or "secondary school" means a public school, a nonprofit institutional day or residential school including a private school, and a public charter school that provides education to students in any combination of kindergarten through grade 12. The definition does not include any education beyond grade 12.

LEA grade level classifications as "elementary" or "secondary" should follow local policy and be consistent with other reporting to WA-OSPI.

LEA expenditures for organization codes that cannot be attributed directly to a school level, such as general operations or district level director positions, must be allocated to elementary and secondary levels based on local written policies and procedures. For example, the LEA may consider a written policy to prorate expenditures for district level general operations based on the ratio of elementary students and secondary students.

Expenditures for preschool services cannot be included in the excess cost calculations since preschool is not defined as an elementary school.

Preparation of the Excess Cost Worksheet

LEAs can access the current Federal Excess Cost Template (referred to as the Excess Cost Worksheet) in EGMS FP267 under the "Forms and Files" tab or on the WA-OSPI Special

Education Funding website in the Tools & Templates section. WA-OSPI updates the Excess Cost Worksheet annually by the end of December.

For detailed instructions on how to download the reports needed to complete the Excess Cost calculation, see the IDEA, Part B Excess Cost Guidance Handbook. This handbook can also be found on the Special Education website in the Tools & Templates section. The information gathered in the reports from the WA-OSPI Apportionment website is used to complete the Excess Cost Worksheet.

LEAs upload their completed signed and dated Excess Cost Worksheet by logging into EGMS FP267, then navigating to the “Grants” tab, then to “Progress Reports,” and then to “Excess Cost.”

Progress Report Title	EGMS ID
23-24 Participant Support Costs	PR--GT--01069-001
Technical Assistance Review (TAR)	PR--GT--01069-002
Proportionate Share (Private School Expenditure Report)	PR--GT--01069-003
22 - 23 SY Excess Costs	PR--GT--01069-004

Note: To verify Excess Cost, the preparer’s name, email, and phone number must be listed on both the base and compliance pages.

Excess Cost Compliance and Verification

The APPE establishes the excess cost threshold that LEAs must use to compare to the amount of non-IDEA Part B dollars spent for the education of students with disabilities.

- Once the APPE is calculated, LEAs must provide the amounts of non-IDEA Part B dollars spent for students with disabilities in elementary and secondary school.
- The respective non-IDEA Part B amounts are then compared to the APPE to determine if the LEA met the excess cost requirement.
- If the APPE amount is less than the actual amount of non-IDEA Part B dollars spent for students with disabilities, the LEA “meets” the excess test.
- If the APPE amount is greater than the actual amount of non-IDEA Part B dollars spent for students with disabilities, the LEA “does not meet” the excess test.

An LEA has met the excess cost requirement if the LEA has expended an amount of local, state, and federal funds (excluding capital outlay, debt, and IDEA funds) that is equal to or greater than the total amount before expending IDEA Part B funds, for the education of SWDs at elementary and secondary levels. The documented expenditure amount is from all fund sources (excluding capital outlay and debt services) other than IDEA Part B. The LEA must use IDEA Part B funds only for the excess costs of educating students with disabilities above the minimum annual aggregate expenditure amount calculated in Step 4 on the Compliance tab of the worksheet.

LEAs provide assurances as part of the annual grant application process certifying they will meet the excess cost requirement. The Excess Cost Worksheet determines the required amount of expenditures that must be submitted to WA-OSPI annually by the last day in February. LEAs are not required to use audited data but must use auditable data to complete the Excess Cost Worksheet and compliance check. In addition, LEAs are instructed to review their Excess Cost Worksheet and data reports for accuracy. A copy of the Excess Cost Worksheet and data reports should be retained with the IDEA Part B subgrant application at the LEA level for single audit purposes.

Annually, as part of the subgrant application process, the WA-OSPI Assistant Superintendent of Special Education signs assurances that funds must be used only to pay for the excess cost of providing special education and related services to students with disabilities following [34 CFR §300.202] and the permissive use of funds as described in [34 CFR §300.208]. Excess cost calculation will be incorporated as a compliance indicator in the fiscal monitoring protocol and supporting documentation related to the calculation and will be reviewed as part of the Special Education Division (SED) targeted and intensive fiscal monitoring activities.

Excess Cost Reporting, Review, and Monitoring

Once the LEA submits the Excess Cost Worksheet to the WA-OSPI via EGMS, it is reviewed by the Fiscal Program Supervisor. The Fiscal Program Supervisor will collaborate with the Director of Operations regarding any concerns and/or questions.

The review consists of:

- A check to ensure that all components of the application were completed.
- A comparison of the expenditure data reported on the Excess Cost Worksheet to the LEA's annual F-196 data report to ensure that total amounts are consistent.
- A comparison to the prior year's Excess Cost reporting to ensure there are no significant differences in the types of data submitted.
- Confirmation of the threshold amount (APPE) that the LEA is required to spend for the education of students with disabilities using non-IDEA Part B dollars.
- Confirmation of the non-IDEA Part B expenditures identified by the WA-OSPI as attributable to the education of students with disabilities that can be counted for the excess compliance test (see [IDEA, Part B Excess Cost Guidance Handbook]).

The Fiscal Program Supervisor will contact LEAs that have not submitted the necessary data to complete the Worksheets and compute the requirement for the LEA. The WA-OSPI staff send the Worksheet back through EGMS for revisions and offer to meet with the LEA and provide technical assistance.

Late submissions of the Excess Cost Worksheet are tracked and included in the Fiscal Risk Assessment. Late submissions may impact LEA risks and contribute to additional monitoring activities.

Exceptions to Meeting the Excess Cost Requirement

There are two specific exceptions to the excess cost requirement:

1. If WA-OSPI provides direct services to SWDs to make FAPE available, it is generally treated as an LEA for this purpose. It may use Part B funds from its state set-aside or Part B payments that would otherwise have been available to an LEA for the purpose of service to those students. However, unlike an LEA, WA-OSPI need not comply with the excess cost requirement when expending those funds (see 34 CFR §300.175 and 34 CFR §300.227(a)(2)(ii)).
2. The excess cost requirement also does not apply if an LEA is using Part B funds to pay for all costs directly attributable to the education of SWDs from the ages of 3–5 or 18–21 and no local or state funds are available for students without disabilities in these age cohorts (see 34 CFR §300.202(b)(1)(ii)).

Failure to Meet the Excess Cost Requirement

Should an LEA fail to meet the Excess Cost requirement, the WA-OSPI could take measures to address that noncompliance, including:

- Issue a finding of noncompliance and required corrective action.
- Determine the LEA is ineligible to receive an IDEA Part B subgrant award, as meeting this requirement is needed to substantially approve the LEA subgrant application.
- Determine that the amount of IDEA Part B expenditures equivalent to the excess cost failure is considered unallowable and subject to Section 452 of the General Education Provisions Act (20 U.S.C. 1234a).

The WA-OSPI is responsible for any repayment to the U.S. Department of Education as the recipient of the grant award. The WA-OSPI has the discretion to collect the amount owed for repayment from the LEA that did not meet the Excess Cost requirement.

Timeline and Due Dates

Activity	Date	Responsible Staff
LEAs submit the Excess Cost Worksheet via EGMS	February 28	LEA Staff
Review of LEA Certified Excess Cost Report with supporting documentation	March 30	WA-OSPI Fiscal Program Supervisor
The IDEA Part B Application becomes available through EGMS	July 1	WA-OSPI Fiscal Program Supervisor
LEAs collect necessary reports to complete the Excess Cost Worksheet	October–December	LEA Staff
Update Excess Cost Worksheet and post updated version to SED website	December 30	WA-OSPI Fiscal Program Supervisor and Director of Operations

Note: Should there be unexpected circumstances requiring an adjustment to the timeline outlined above that would result in changes for LEAs, WA-OSPI will notify LEA administrations within a reasonable amount of time of the changes to the timeline.

Appendices

Appendix A: Excess Cost Monitoring Checklist

Excess Cost Checklist

(used by Program Supervisor as a guide to review Excess Cost Worksheets)

Step 1. Open the Excess Cost tracking spreadsheet at P:\S Drive Files\FISCAL\Excess Cost\Tracking.

- Update the tracking spreadsheet by adding a new tab and new LEAs, Charter Schools, etc. to Columns A and B.
- Update the Summary tab to include the current year.
- Verify the ESA 112 consortium members. These may change year to year.
  - The ESA 112 consortium members do not submit individual excess costs Worksheets. The ESA 112 submits one for the consortium members.
- As Excess Cost Worksheets are received, enter the date you received them.
  - This is important. Late submissions may affect a district's fiscal risk assessment score and may be subject to additional monitoring.

Step 2. Go to the WA-OSPI Apportionment, Enrollment, and Fiscal Reports page.

- Go to the first dropdown box and select the review year.
- Next, go to the Select a Report Type dropdown box and select Fiscal reports.
- Select District (CCDDD) from the third dropdown box.
- Select an organization from the fourth dropdown box.
- Select F-196 Summary and go to Resource to Program Expenditure Report. This report is used to compare with the Excess Cost Worksheet.

Step 3. Total expenditures can be compared to FP 267 End-of-Year Grant Worksheets located here.

- Step A (Base tab) – refer to the Resource to Program Expenditure Report to compare total expenditures
  - All state and local expenditures
  - All federal expenditures
  - Program 25
  - Program 58
  - Program 61
  - Program 81

  - Program 86
  - Program 88
  - Program 89
- Step B – refer to the Resource to Program Expenditure Report to compare total expenditures
  - Program 21
  - Program 24 – refer to the FP 267 Grants Worksheet End-of-Year Report
  - Program 26
  - Program 29
  - Program 51
  - Program 52
  - Program 53
  - Program 55
  - Program 64
  - Program 65
  - Program 68
  - Program 76
  - Program 78
- Return the Excess Cost Worksheet to the district to respond to questions and/or for the Worksheet to be revised. Enter all activity into the Excess Cost Tracking spreadsheet.

Step 4. Go to the WA-OSPI Apportionment, Enrollment, and Fiscal Reports page. This report is used for Enrollment:

- Go to the first dropdown box and select the review year.
- Next, go to the dropdown box on the right and select Apportionment.
- Select District (CCDDD) from the third dropdown box.
- Select an organization from the fourth dropdown box.
- Select 1251H for October Enrollment, then select Running Start Only, then select Open Doors.
- Use November Child Count for Special Education enrollment.
  - Log into EDS.
  - Select View My Applications, Special Education Reporting.
  - Select the Organization from the dropdown box, Special Education Child Count and LRE Reporting, Print/Download tab.
  - Select School Year from the dropdown box.
  - Under Summary Reports download the Disability Report by Age in the Excel format, see Tab 1 Disability Report by Age.
- Enrollment is filled in.
- Ensure the Prepared By, Email, and Phone Number cells are filled in on both the Base and Compliance tabs.

Step 5. Compliance tab

- All cells are automatically populated.
- Cells B46 and E46 will verify that the district met the Excess Cost requirement.
- If the district did not meet the requirement, contact the district to review the Worksheet and determine if allowable exceptions can be applied. Set up a Zoom meeting if necessary.
- If the district cannot meet the Excess Cost requirement, it may be subject to reimbursement to the WA-OSPI in the amount of the failure. See the Federal Excess Cost Guidance Handbook.

Appendix B: Excess Cost PowerPoint Presentation

OSPI
SPECIAL EDUCATION OPERATIONS
Excess Cost

Presenter

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What led us to what is now our process?

What is the process in Washington?

What is the timeline and documentation?

What are some challenges and tips?

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Key Points

POINT 1 Assurances

POINT 2 Calculator

POINT 3 Documenting

POINT 4 Understanding

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Timeline

- June–September Annual 267 package submitted
- Excess Cost Worksheet is included in the package with the due date
- Excess Cost Worksheet is due in February
- Excess Cost worksheets are reviewed in March
- Excess Cost worksheets will be returned to the district for revisions and questions
- Meetings will be scheduled as needed

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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 students with disabilities (SWDs).
  - **34 CFR 300.202(a)(2)**
- Excess cost ensures Local Educational Agencies (LEAs) spend at least as much on students with disabilities as it does on students without disabilities **before** using IDEA funds.

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CIFR and WestEd NCSI (2019, July29). *Key Differences Between IDEAL Local Educational Agency Maintenance of Effort and Excess Cost Requirements.* Retrieved from https://cifr.wested.org/resources/lea -moe/

Excess Cost: Definition

- Those costs in excess of the average annual per-pupil expenditure (APPE) in a Local Educational Agency (LEA) during the preceding school year.
- Excess costs **must** be calculated for elementary school students **and** secondary school students.
- **34 CFR 300.16**

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CIFR and WestEd NCSI (2019, July29). *Key Differences Between IDEAL Local Educational Agency Maintenance of Effort and Excess Cost Requirements.* Retrieved from https://cifr.wested.org/resources/lea-moe/

Excess Cost: How does the LEA calculate the APPE?

- Total expenditures from **all** sources (local, state, federal) are considered.
- Deduct capital outlay and debt service expenditures.
- Deduct federal and state expenditures identified in the Excess Cost Worksheet steps 1 and 2.
- Divide those expenditures by the number elementary/secondary students using the previous year's October enrollment.

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CIFR and WestEd NCSI (2019, July29). *Key Differences Between IDEAL Local Educational Agency Maintenance of Effort and Excess Cost Requirements.* Retrieved from https://cifr.wested.org/resources/leamoe/

Excess Cost: How does the LEA calculate the total minimum amount of funds it must spend on the education of SWDs to meet the excess cost requirement?

- Multiply the number of SWDs in the current Federal Special Education Child Count by the APPE determined for the previous year.

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Two Exceptions

1. Excess cost requirement does not apply if the Office of Superintendent of Public Instruction (OSPI) provides direct services to SWDs to make a free appropriate public education (FAPE) available.
    - 34 CFR 300.175 and 34 CFR 300.227(a)(2)(ii)

2. Excess cost requirement does not apply if a LEA is using Part B funds to pay for all cost directly attributable to the education of SWDs from the ages of 3 through 5, or 18 through 21, if no local or state funds are available for SWDs in these age cohorts.
    - 34 CFR 300.202(b)(1)(ii)

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Common Errors

- Not completing **all** cells in the Base tab.
- Not certifying the Base and Compliance tabs.
- Submitting the wrong year.
- Not submitting on time. This may affect a district's fiscal risk assessment score and subject to additional monitoring.

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