Allowable Costs for Special Education

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November 15, 2018

Allowable Costs for Special Education

Acronyms and Abbreviations

- ADA: Americans with Disabilities Act
- ARD: Admission, Review, & Dismissal
- CEIS: Coordinated Early Intervening Services
- CFR: Code of Federal Regulations
- EDGAR: Education Department General Administrative Regulations
- ESY: Extended School Year
- FAPE: Free Appropriate Public Education
- FSP: Foundation School Program
- GEPA: General Education Provisions Act
- IDEA: Individuals with Disabilities Education Improvement Act of 2004
- IEP: Individualized Education Program
- LEA: Local Educational Agency, includes ISDs and Open-Enrollment Charter Schools
- MOE: Maintenance of Effort
Acronyms and Abbreviations

- NOGA: Notice of Grant Award
- OMB: Office of Management and Budget
- RDSPD: Regional Day School Programs for the Deaf
- Rti: Response to Intervention
- TAC: Texas Administrative Code
- TEA: Texas Education Agency

Allowable Use of Funds

Topics to be Addressed:

- Federal Funds for Special Education
  - Cross-Cutting Principles
    - General principles and requirements that apply to all Federal education programs
  - Program-Specific Requirements
    - Requirements specific to the special education program

- State Funds for Special Education

Allowable Use of Federal Funds

- Cross-Cutting Principles
  - General principles and requirements that apply to all Federal education programs
- Program-Specific Requirements
  - Requirements specific to the special education program
### Allowable Use of Federal Funds

**Difference between Uniform Guidance and EDGAR:**

- **Uniform Guidance (2 CFR Part 200):** Comprehensive set of rules applicable to the administration of all federal grants.
- **EDGAR:** Rules applicable to the administration of federal education grants.
  - EDGAR contains:
    - 2 CFR Part 200
    - Additional rules applicable only to education grants

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### Allowable Use of Federal Funds

<table>
<thead>
<tr>
<th>Uniform Guidance</th>
<th>EDGAR</th>
<th>IDEA-B</th>
<th>TEA</th>
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<tr>
<td>All Federal Programs</td>
<td>All Federal Programs</td>
<td>Federal Program-Specific</td>
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<tr>
<td>General, cross-cutting rules</td>
<td>General, cross-cutting rules</td>
<td>Specific to IDEA-B</td>
<td>TEA’s Program Guidelines for IDEA</td>
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</tbody>
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### Allowable Use of Federal Funds

**Introduction**

- To be an allowable use of IDEA-B funds, the cost must be allowable under all the sources identified in the previous slide.
Allowable Use of Federal Funds

Introduction

- Ask yourself:
  - Is the cost allowable under TEA’s Program Guidelines?
  - Is the cost allowable under IDEA-B?
  - Is the cost consistent with EDGAR?
  - Is the cost consistent with the Federal Cost Principles outlined in the Uniform Guidance?
- Responses should be yes to all the above.

Is the expenditure allowable?

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Allowable Use of Federal Funds

Introduction

- If any contradictions:
  - Program-specific statute/regulations trump cross-cutting, general requirements
  - Most restrictive must be followed

Is the expenditure allowable?

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Allowable Use of Federal Funds

Introduction

- Important Consideration:
  - Documentation is essential to prove Federal funds were spent correctly
  - Lack of documentation to prove compliance may result in an audit-finding, even though the expenditure itself was an allowable use of funds

Is the expenditure allowable?
Allowable Use of State Funds

Introduction

- State Special Education Funds
  - Special allotment of Foundation School Program (FSP) funds specifically for special education
  - 19 TAC 89.1125 describes allowable expenditures with state special education funds

Federal Cost Principles

Uniform Guidance 2 CFR Part 200

Federal Cost Principles: Objectives

2 CFR Part 200 Subpart E Cost Principles
- Basic Considerations 2 CFR 200.402-411
- Selected Items of Cost 2 CFR 200.420-475
Allowable Use of Federal Funds

Federal Cost Principles:

- Uniform Guidance
  - Establishes administrative rules and Federal Cost Principles for expenditures with Federal funds
  - Includes basic considerations and a list of selected items of cost
  - Applicable to all Federal programs

- All LEAs that receive IDEA-B funds must comply with the Federal Cost Principles and administrative rules established in the Uniform Guidance

Federal Cost Principle #1:

- To be allowable under Federal awards, costs must:
  - Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles

2 CFR 200.403(a)

To be considered Necessary:

- Expenditure is essential to accomplishing the objectives of the program
- The program will not be successful without the expenditure

- Does not mean “Nice to Have”
Allowable Use of Federal Funds

Federal Cost Principles: Basic Considerations

❖ To be considered Reasonable:
➢ Passes the “prudent person” test:
✔ The cost, in its nature and amount, does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

2 CFR 200.404

Basic Considerations: Reasonable Costs

Allowable Use of Federal Funds

Federal Cost Principles: Basic Considerations

❖ To be considered Reasonable, continued:
➢ Cost is of a type generally recognized as ordinary and necessary for the performance of the grant award
➢ Cost is consistent with sound business practices and arm’s-length bargaining
➢ Cost is consistent with the terms and conditions of the Federal award

2 CFR 200.404(a-b)

Basic Considerations: Reasonable Costs

Allowable Use of Federal Funds

Federal Cost Principles: Basic Considerations

❖ To be considered Reasonable, continued:
➢ Cost is comparable to current market value/fair market prices
➢ Individuals act with prudence in the circumstances considering their responsibilities to stakeholders and beneficiaries
➢ Does not significantly deviate from its established practices and policies

2 CFR 200.404(c-e)

Basic Considerations: Reasonable Costs
Allowable Use of Federal Funds
Federal Cost Principles: Basic Considerations

✧ Ask yourself:
➢ Do I really need this?
➢ Do I need this in order to meet the purpose and need of the program?
➢ Did I perform a needs assessment?
➢ Is the expenditure targeted to a valid programmatic or administrative consideration?

Basic Considerations:
Necessary and Reasonable Costs

✧ Ask yourself, continued:
➢ Do I have existing resources or surplus property that would meet the need?
➢ Do I have the capacity to use what I am purchasing?
✓ It doesn’t benefit the program if sitting in storage, not being used

Basic Considerations:
Necessary and Reasonable Costs

✧ Ask Yourself, continued:
➢ Is it necessary to purchase or would it be more cost effective to lease?
➢ Is this the minimum amount I need to spend to meet the need?
➢ Did I pay a fair rate?
➢ Can I prove it?
Ask Yourself, continued:

- Is the cost or product type excessive or extreme?
- Did I act with prudence under the circumstances?
- If I were asked to defend this purchase, would I be comfortable?

To be allocable:

- A cost is allocable to a particular Federal award or cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.

2 CFR 200.405

This means the expenditure must provide an allocable benefit to the Federal program:

- Costs must be incurred specifically for the grant program.
- Costs must benefit the grant program and intended beneficiaries.
- Costs must be distributed in proportion to the benefits received.
Allowable Use of Federal Funds
Federal Cost Principles: Basic Considerations

❖ Example of allocation:
➢ If a teacher works 50% of their time in general education and 50% in special education, you can only charge 50% of the payroll costs to the IDEA-B grant
➢ Time Distribution Reports are used to document the allocation of the payroll costs

❖ Ask yourself:
➢ Can I prove the IDEA-B program benefited?
➢ Do I have documentation, such as Time Distribution reports or inventory management records?

❖ Ask yourself, continued:
➢ How do I ensure only authorized use?
➢ Can I prove other programs or students are not benefiting from expenditures with IDEA-B funds, with the exception of “incidental benefit”?

(Also, see 2 CFR 200.313(c)(2) about sharing equipment)
Special Education Funding

Allowable Use of Federal Funds
Federal Cost Principles: Basic Considerations

Incidental Benefit:
- Occurs when special education and related services, and supplemental aids or services, are provided in a regular classroom, etc., to a child with a disability in accordance with the child's IEP and the non-disabled children in the setting benefit from these aids or services.

Federal Cost Principle #2:
- To be allowable under Federal awards, costs must:
  - Conform to any limitations or exclusions set forth in the Federal Cost Principles or in the Federal award as to types or amount of cost items.
  - 2 CFR 200.403(b)

Basic Considerations:

This means all costs paid with Federal funds must be allowable under:
- Uniform Guidance,
- EDGAR,
- The particular program's statute and regulations (IDEA-B), and
- TEA's Special Education grant application, program guidelines, and NOGA.
Allowable Use of Federal Funds

Federal Cost Principles: Basic Considerations

- The cost must be allowable under State and local laws, in addition to being allowable under Federal laws.
- If the cost is allowable under EDGAR, but not allowable under IDEA-B or TEA’s program guidelines or the terms of the NOGA, then the cost is not an allowable use of IDEA-B funds.
- Principle of following the most restrictive policy.

Federal Cost Principle #3:
- To be allowable under Federal awards, costs must:
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the LEA.

2 CFR 200.403(c)

Federal Cost Principle #3:
- This means the LEA generally cannot subject federal funds to different rules than nonfederal funds.
- Example: You cannot apply different travel reimbursement rates depending on the fund source.

2 CFR 200.403(c)
Federal Cost Principle #4:

To be allowable under Federal awards, costs must:

- Be accorded consistent treatment:
  A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

Basic Considerations:

Federal Cost Principle #4:

- This means
  ✓ “Like” costs must be treated consistently when determining whether the cost is a “direct” cost or “indirect” cost.
  ✓ Federal and nonfederal costs under the program are treated equally.

Direct Costs:

- Those costs that can be identified specifically with a particular program

Example: A special education teacher can be tied directly to the special education program.
Allowable Use of Federal Funds

Federal Cost Principles: Basic Considerations

- Indirect Costs:
  - Those costs that are incurred for common or joint purposes and therefore, cannot be easily identified specifically with a particular program
  - Example: Costs associated with your IT or HR department benefit all programs and it cannot be easily determined how much of the cost benefits a particular program

Federal Cost Principle #5:
- To be allowable under Federal awards, costs must:
  - Be determined in accordance with generally accepted accounting principles (GAAP)

Federal Cost Principle #6:
- To be allowable under Federal awards, costs must:
  - Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period
  - IDEA-B does not have match or cost sharing requirements
Allowable Use of Federal Funds
Federal Cost Principles: Basic Considerations

Federal Cost Principle #7:
❖ To be allowable under Federal awards, costs must:
   ➢ Be adequately documented

2 CFR 200.403(g)

Basic Considerations:
Federal Cost Principle #7

Documentation is extremely important!!
❖ A common audit finding is lack of documentation or insufficient, inadequate documentation

Basic Considerations:
Documentation

Documentation includes:
❖ Baseline documentation
❖ Documentation required by EDGAR and the specific Program statute and regulations

Basic Considerations:
Documentation
Baseline Documentation:
- Documentation of charges in a manner consistent with documenting expenditures from your own source revenue.
- Basic documentation that applies to both Federal and non-Federal expenditures.

EDGAR Documentation Requirements (34 CFR §76.730):
- Records related to grant funds:
  - Amount of funds received under the grant;
  - How the LEA uses the funds;
  - The total cost of the project;
  - The share of that cost provided from other sources; and
  - Other records to facilitate an effective audit.

EDGAR Documentation Requirements (34 CFR §76.731):
- Records that show the LEA’s compliance with program requirements.
  - Examples of IDEA-B fiscal requirements:
    - Maintenance of Effort (MOE);
    - Excess Cost;
    - Coordinated Early Intervening Services (CEIS);
    - Private School Proportionate Share.
Special Education Funding

Federal Cost Principles: Basic Considerations

Allowable Use of Federal Funds

Uniform Guidance Documentation Requirements
2 CFR § 200.302(b)(3):

- Financial Management Records
- Records that identify adequately the source and application of funds for federally-funded activities
- These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest
- Must be supported by source documentation

Source Documentation:

- Paper Trail for financial transactions
- Includes, but not limited to:
  - Purchase Orders
  - Invoices
  - Receipts
  - Contracts
  - Personnel Action Forms
  - Time Distribution Records
  - Accounting Journals, Payroll Journal, General Ledger

SELECTED ITEMS OF COST:

In addition to the basic considerations identified in the previous slides, the Federal Cost Principles also include a list of selected items of cost that are either:

- Allowable,
- Unallowable, or
- Allowable only under certain conditions
Allowable Use of Federal Funds

Federal Cost Principles: Selected Items of Cost

- SELECTED ITEMS OF COST, continued
  - The list applies generally to all Federal funds
  - If IDEA-B is more restrictive, follow IDEA-B regulations and statutes

- SELECTED ITEMS OF COST, continued
  - The list cannot be 100% inclusive
  - If a cost item is not listed, that doesn't necessarily mean it is either allowable or unallowable
  - Think of the list as a set of principles to be applied in establishing the allowability or unallowability of certain items of cost

- SELECTED ITEMS OF COST categories:
  - Currently, there are more than 50 categories of cost items in the Selected Items of Cost list
**Allowable Use of Federal Funds**

**Federal Cost Principles: Written Procedures Required**

- **Written Procedures Required:**
  - The Uniform Guidance requires LEAs to have written procedures for how they determine a cost is allowable with Federal funds
  - 2 CFR 200.302(b)(7)

**Allowable Use of Federal Funds**

**Federal Cost Principles: Guiding Principle**

- **Most important guiding principle:**
  - A cost is allowable with Federal funds only to the extent of benefits received by the Federal program and the cost's conformance with the general policies and principles of the Federal Cost Principles

**Allowable Use of Federal Funds**

**Federal Cost Principles: Enforcement Action**

- **Collection of Unallowable Costs:**
  - Payments made for costs determined to be unallowable by USD or TEA must be refunded to the Federal government in accordance with instructions from the Federal agency, unless Federal statute or regulation directs otherwise
  - 2 CFR 200.410
Check Your Understanding

Question: How do you determine if an expenditure is allowable with IDEA-B funds?

Answer: Check the TEA Program Guidelines and IDEA-B Regulations to see if the cost is allowable. Also, determine if the cost is consistent with the Federal Cost Principles and EDGAR.

Question: What are three important considerations from the Federal Cost Principles that should be applied to all expenditures with federal funds?
Check Your Understanding

**Question:**
What are three important considerations from the Federal Cost Principles that should be applied to all expenditures with federal funds?

**Answer:**
Costs should be necessary, reasonable, and allocable.

Check Your Understanding

**Question:**
What does it mean for a cost to be allocable?

**Answer:**
- Costs must benefit the grant program and intended beneficiaries
- Costs must be distributed in proportion to the benefits received

Check Your Understanding

**Question:**
What does it mean for a cost to be allocable?
Check Your Understanding

Question: What is the “prudent person” test?

Answer: A Federal Cost Principle that explains the cost, in its nature and amount, doesn’t exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made.

Check Your Understanding

Question: What is the “prudent person” test?

Answer: A Federal Cost Principle that explains the cost, in its nature and amount, doesn’t exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made.

Activity 1

At your table, discuss the process you would use to determine an expenditure with IDEA-B funds is:

- Necessary (Participants at Table 1)
- Reasonable (Participants at Table 2)
- Allocable (Participants at Table 3)
- In compliance with the grant's regulations and terms of the NOGA (Participants at Table 4)
- Consistent with your local policies and procedures for all types of expenditures (Participants at Table 5)
- Adequately documented (Participants at Table 6)

Write your responses on the chart paper. Designate a spokesperson to share out. ZOOM Participants: Pick one of these elements and type your response in the chat box.
EDGAR

EDGAR: Objectives

- Brief Overview of EDGAR
- Obligation of Funds

Allowable Use of Federal Funds

EDGAR: Brief Overview

- EDGAR
  - A collection of general administrative requirements applicable to Federal education grants
  - Includes Uniform Guidance (2 CFR Part 200), which is applicable to all Federal grants
  - Includes additional rules specific to Federal education grants
Allowable Use of Federal Funds

EDGAR: Brief Overview

- **EDGAR Includes:**
  - **34 CFR Part 75 Direct Grant Programs**
  - Where the LEA receives a grant directly from the Federal government
  - Part 75 is not applicable to IDEA-B since IDEA-B funds are received via TEA rather than directly from the Federal government

- **EDGAR Includes, continued:**
  - **34 CFR Part 76 State-Administered Programs**
  - Where the LEA receives a grant from a pass-through entity rather than directly from the Federal government
  - Part 76 is applicable to IDEA-B since IDEA-B funds are received via TEA (pass-through entity) rather than directly from the Federal government
  - Focuses on requirements for obligation and liquidation of funds

- **EDGAR Includes, continued:**
  - **34 CFR Part 77 Definitions that Apply to Department Regulations**
  - Provides definitions applicable to the regulations in EDGAR
  - Unless a statute or regulation provides otherwise
Allowable Use of Federal Funds

EDGAR: Brief Overview

- **EDGAR includes, continued:**
- **34 CFR Part 81** The General Education Provisions Act (GEPA)
  - Implements Part E of the General Education Provisions Act (GEPA)
  - Governs the enforcement of legal requirements under applicable programs administered by the Department of Education

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Allowable Use of Federal Funds

EDGAR: Brief Overview

- **EDGAR includes, continued:**
- **2 CFR Part 200** Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
  - Uniform Guidance applicable to all Federal programs, not just education programs

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Allowable Use of Federal Funds

EDGAR: Brief Overview

- **EDGAR includes, continued:**
- **2 CFR Part 3474** Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
  - In this section, the Department of Education formally adopts the Uniform Guidance (2 CFR Part 200)
  - Provides exceptions to 2 CFR Part 200 applicable to Federal education grants
Allowable Use of Federal Funds

EDGAR: Brief Overview

- EDGAR
  - All LEAs that receive IDEA-B funds must comply with EDGAR

EDGAR (Uniform Guidance section)

- Grant management system requirements for:
  - Financial Management
  - Procurement
  - Inventory Management

Allowable Use of Federal Funds

EDGAR: Brief Overview

- EDGAR (Uniform Guidance section)
  - All LEAs that receive IDEA-B funds must comply with EDGAR

EDGAR: Brief Overview

- EDGAR also includes requirements for:
  - Allowability of Funds
  - Audit Requirements
  - Internal Controls
  - Documentation
  - Records Retention
  - Indirect Cost Rates
  - Participation of Students Enrolled in Private Schools (general rules; IDEA-B has program-specific rules)
  - Obligation and Liquidation of Funds
Allowable Use of Federal Funds
EDGAR: Obligation of Funds

♦ Obligation defined:
- Orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment during the same or a future period

2 CFR 200.71

♦ Obligation defined, continued:
- This means that when you make a legal commitment for a specific expenditure or purchase, such as a purchase order or contract, you have “obligated” the funds
- An obligation is a commitment to spend funds

♦ Obligation, continued:
- In order for a cost to be allowable with Federal funds, it must be “obligated” during the appropriate period
EDGAR: Obligation of Funds 34 CFR 76.707

EDGAR’s CHART OF WHEN AN OBLIGATION OCCURS: 34 CFR 76.707

<table>
<thead>
<tr>
<th>IF THE OBLIGATION IS FOR:</th>
<th>THE OBLIGATION IS MADE:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of real or personal property</td>
<td>On the date on which the LEA makes a binding written commitment to acquire the property</td>
</tr>
<tr>
<td>Personal services by an employee</td>
<td>When the services are performed</td>
</tr>
<tr>
<td>Personal services by a contractor</td>
<td>On the date on which the LEA makes a binding written commitment to obtain the services</td>
</tr>
<tr>
<td>Performance of work other than personal services</td>
<td>On the date on which the LEA makes a binding written commitment to obtain the work</td>
</tr>
<tr>
<td>Travel</td>
<td>When the travel is taken</td>
</tr>
<tr>
<td>Rental of real or personal property</td>
<td>When the LEA uses the property</td>
</tr>
</tbody>
</table>

Special Education Funding

EDGAR: Obligation of Funds

According to TEA’s “EDGAR FAQ”:

• If the LEA considers registration fees as travel, the registration fee is obligated the day the conference or meeting begins. That means the registration fee cannot be paid with federal funds until the travel is taken.

• If the LEA considers registration fees as personal services by a contractor, the registration fee is obligated the day the registration is submitted. That means the registration fee may be paid with federal funds at the time the registration is submitted. (It must still be obligated during the applicable grant period.)

• It is the LEA’s discretion how to incur and code the obligation for registration fees (either as personal services by a contractor 6200 or as travel 6400) under 34 CFR 76.707. That decision will determine when the cost is obligated.

• Regardless of how the LEA chooses to treat the obligation of registration costs, the LEA should (best practice) have a local policy that outlines the consistent treatment of registration costs.

Special Education Funding

EDGAR: Obligation of Funds

Obligation, continued:

- Funds cannot be obligated before:
  - The beginning date of the grant period (July 1 for IDEA-B), or
  - The date you submit your eGrants application to TEA in substantially approvable form,
  - Whichever date is later

34 CFR 76.708; 2 CFR 200.309

Special Education Funding
Allowable Use of Federal Funds

Obligation, continued:

- Funds cannot be obligated after the ending date of the grant period (September 30 for IDEA-B)
- “Program funds shall not be obligated for expenditure before the beginning date of the grant or after the ending date of the grant unless pre-award costs are expressly permitted”

TEA’s General and Fiscal Guidelines

Substantial Benefit:

- All goods must be received and all services must be provided or delivered so that they give substantial benefit to the population being served in that grant period
- In the case of formula grants (e.g., IDEA), benefit may be received during the liquidation period as well (time period from the end of the grant period to the due date of the Revised Final Expenditure Report)

TEA’s EDGAR FAQ

Liquidation defined:

- Liquidation is the payment of the obligation
- The LEA must record an obligation as an expenditure no later than the due date of the Revised Final Expenditure Report for the grant

TEA’s General and Fiscal Guidelines
Allowable Use of Federal Funds

EDGAR: Obligation of Funds

- Budget Control 2 CFR §200.302(b)(5):
  - Budgeted amounts must be compared to actual expenditures
  - This is an important aspect of allowability
  - If actual expenditures are not reconciled with budgeted amounts, the LEA might actually overspend their grant funds, resulting in a potential audit finding

Check Your Understanding

Question:
Can I submit a purchase order to purchase equipment with IDEA-B funds before I submit my Special Education grant application to TEA?

Answer:
No. An obligation occurs when you make a legal commitment for a specific expenditure or purchase, such as a purchase order or contract. Funds cannot be obligated before the beginning date of the grant period (July 1) or the date you submit your grant application to TEA, whichever date is later.
Check Your Understanding

Question: Can I use IDEA-B funds to pay in advance for a registration fee to a conference related to special education?

Answer: It depends. If your local policy treats registration fee as “travel”, federal funds cannot be used to pay the registration fee until the travel is taken. If your local policy treats registration fee as “personal services by a contractor”, federal funds may be used to pay the registration fee at the time the registration is submitted, provided it falls within the grant period.

Check Your Understanding

Question: Can I use IDEA-B funds to pay in advance for a registration fee to a conference related to special education?

Answer: It depends. If your local policy treats registration fee as “travel”, federal funds cannot be used to pay the registration fee until the travel is taken. If your local policy treats registration fee as “personal services by a contractor”, federal funds may be used to pay the registration fee at the time the registration is submitted, provided it falls within the grant period.

Activity 2

At your table, discuss the process you would use to ensure:

- Obligation occurs within the grant period (Tables 1 & 6)
- Travel costs are obligated when travel is taken (Tables 2 & 5)
- Budgeted Costs are compared to actual expenditures (Tables 3 & 4)

Write your responses on the chart paper. Designate a spokesperson to share out. If Zoom participants, pick one of these elements and type your response in the chat box. Include roles for sped director and fiscal staff, if applicable.
IDEA-B Regulations

34 CFR 300

IDEA-B Regulations: Objectives

• Allowable Use of Funds
• Permissive Use of Funds
• Unallowable Use of Funds

Allowable Use of Federal Funds

IDEA-B Regulations

✓ IDEA-B provides program-specific requirements for special education
  ➢ LEAs must comply with the program-specific requirements of IDEA-B as well as the cross-cutting, general requirements for Federal funds found in EDGAR
  ✓ If contradictory, follow the most restrictive
Allowable Use of Federal Funds

IDEA-B Regulations: Allowable Use of Funds

Criteria for Use of IDEA-B Funds:
- Child must meet the IDEA’s definition of a “child with a disability”
- Services provided must meet the IDEA’s definition of “special education”
- Must have parent or guardian informed consent for services

Allowable Use of IDEA-B Funds, includes, but not limited to:
- Child Find
- Evaluation and Re-evaluation
- Special Education (specially designed instruction)
- Related services required by the child’s IEP and determined to be required for the student to benefit from special education

Allowable Use of Federal Funds, continued:
- Transition Services:
  - From school to post-school activities, including postsecondary education, vocational education, integrated employment, independent living, etc.
  - From IDEA-C program to preschool programs
Allowable Use of Federal Funds

IDEA-B Regulations: Allowable Use of IDEA-B Funds

Allowable Use of IDEA-B Funds, continued:

- **Assistive Technology**
  - If required as part of the special education, related services or supplementary aids and services identified in the child’s IEP.
  - On a case-by-case basis, the use of school-purchased assistive technology devices in a child’s home or other settings is required, if the IEP Team determines the child needs access to those devices in order to receive FAPE.

34 CFR 300.105

Allowable Use of Federal Funds

IDEA-B Regulations: Allowable Use of IDEA-B Funds

- **Nonacademic and Extracurricular Activities**
  - The LEA must take steps, including the provision of supplementary aids and services determined appropriate and necessary by the child’s IEP Team, to provide nonacademic and extracurricular services and activities in the manner necessary to afford children with disabilities an equal opportunity for participation in those services and activities.

34 CFR 300.107; 300.117

Allowable Use of Federal Funds

IDEA-B Regulations: Allowable Use of IDEA-B Funds

- **Nonacademic and Extracurricular Activities** may include:
  - Counseling services
  - Athletics
  - Transportation
  - Health services
  - Recreational activities
  - Special interest groups or clubs sponsored by the LEA
  - Referrals to agencies that provide assistance to individuals with disabilities
  - Employment of students, including both employment by the LEA and assistance in making outside employment available.

34 CFR 300.107; 300.117
IDEA-B Regulations: Allowable Use of IDEA-B Funds

- Allowable Use of IDEA-B Funds, continued:
  - Residential Placement
    - If placement in a public or private residential program is necessary to provide special education and related services to a child with a disability, the program, including non-medical care and room and board, must be at no cost to the parents of the child.

IDEA-B Regulations: Permissive Use of IDEA-B Funds

- Permissive Use of IDEA-B Funds:
  - Incidental Benefit
  - Administrative Case Management
  - CEIS (Coordinated Early Intervening Services)

IDEA-B Regulations: Permissive Use of IDEA-B Funds

- Incidental Benefit
  - IDEA-B funds may be used for the costs of special education and related services, and supplementary aids and services, provided in a regular class or other education-related setting to a child with a disability in accordance with the IEP of the child, even if one or more nondisabled children benefit from these services.
Allowable Use of Federal Funds
IDEA-B Regulations: Permissive Use of IDEA-B Funds

> **Administrative Case Management:**

  - An LEA may use IDEA-B funds to purchase appropriate technology for recordkeeping, data collection, and related case management activities of teachers and related services personnel providing services described in the IEP of children with disabilities, that is needed for the implementation of those case management activities.

> **CEIS (Coordinated Early Intervening Services):**

  - An LEA may use up to 15% of their IDEA-B entitlement to provide early intervening services to children who are not currently identified as needing special education or related services, but who need additional academic or behavioral support to succeed in a general education environment.

  - Use of IDEA-B funds for CEIS purposes is optional UNLESS the LEA is identified by TEA as having significant disproportionality based on race or ethnicity. If so, CEIS is a requirement!

> **CEIS (Coordinated Early Intervening Services), continued:**

  - This is the only time IDEA-B funds may be used for nondisabled children.
  - Use of IDEA-B funds for CEIS purposes is optional UNLESS the LEA is identified by TEA as having significant disproportionality based on race or ethnicity. If so, CEIS is a requirement!
### Allowable Use of Federal Funds

**IDEA-B Regulations: Permissive Use of IDEA-B Funds**

- **CIS (Coordinated Early Intervening Services), Reporting Requirements:**
  - Must track the children served CIS:
  - Number of nondisabled, struggling children served CIS that year
  - Of those children, how many subsequently received special education/related services (1) that same year, (2) the second year after receiving CIS services, or (3) the third year after receiving CIS services

**IDEA**

34 CFR 300.226

### Allowable Use of Federal Funds

**IDEA-B Regulations: Permissive Use of IDEA-B Funds**

- **CIS (Coordinated Early Intervening Services), Reporting Requirements, continued:**
  - These numbers are reported annually to TEA according to their instructions
  - Refer to TEA’s Program Guidelines for the special education grant for additional information

**IDEA**

34 CFR 300.226

### Unallowable Use of Federal Funds

**IDEA-B Regulations: Unallowable Use of IDEA-B Funds**

- **Unallowable Use of IDEA-B Funds:**
  - Nondisabled children, with the exception of CIS
  - 504-only/Dyslexia-only students
  - If a child with a disability does not qualify for services under IDEA, IDEA-B funds may not be used for that child

**IDEA**

Unallowable
Unallowable Use of Federal Funds

IDEA-B Regulations: Unallowable Use of IDEA-B Funds

- "504-only/Dyslexia-only" vs "Students with Disabilities under IDEA"
  - If an evaluation is being performed as part of the IDEA Child Find requirement, IDEA-B funds may be used.
  - If an evaluation is being performed solely for 504/Dyslexia determination, when the child is not suspected to be a child with a disability under IDEA, IDEA-B funds cannot be used.
  - If a child with dyslexia is only being served under a 504 plan, IDEA-B funds cannot be used.
  - If a child with dyslexia also qualifies as a student with disabilities under IDEA and is being served under an IEP, IDEA-B funds are used.

Unallowable Use of Federal Funds

IDEA-B Regulations: Unallowable Use of IDEA-B Funds

Unallowable Use of IDEA-B Funds, continued:
- Remedial services for children not eligible under IDEA, with the exception of CEIS.
- Special education services for a child with a disability whose parents or guardians do not provide consent.
- Universal screening for RtI (Response to Intervention) or for CEIS.

Unallowable Use of Federal Funds

RtI – CBS – IDEA-B Correlation

- RtI (Response to Intervention) for the general population.
  - RtI is an approach that schools use to help all students, including struggling learners.
  - RtI is a multi-tier approach to the early identification and support of students with learning and behavior needs.
**Unallowable Use of Federal Funds**

RtI – CBS – IDEA-B Correlation

TEA’s Program Guidelines:

- CBS funds may be used to support response to intervention (RtI), as long as the CBS funds are used for services to nondisabled students in need of additional academic and/or behavioral support and supplement, not supplant, other funds used to implement RtI.

- LEAs must ensure that CBS funds are used to provide services only to students who have not been identified as eligible for special education services but need additional academic and/or behavioral support.

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For example, one RtI framework may include a three-level continuum of instructional support.

In this framework, Tier-one applies to all students in a general education setting.

It would not be appropriate to use CBS funds for Tier-one activities that support these students, because these activities are designed to provide high-quality instruction to the entire class or school and not principally intended to address the additional needs of students who are struggling.

---

Tier-two activities provide specialized small-group instruction for students determined to be at risk for academic and/or behavioral problems.

It would be appropriate to use CBS funds to support these Tier-two activities for these nondisabled, struggling students.

Students who have been identified with disabilities and receive special education and related services are not eligible for activities funded by CBS.
**Unallowable Use of Federal Funds**

**RtI - CBS - IDEA-B Correlation**

**TEA’s Program Guidelines**

Tier-three includes specialized individualized instructional and/or behavioral support for students with intensive needs.

As in the case of Tier-two activities, CBS funds could be used for activities that support general education students at risk for academic and/or behavioral problems but could not be used for students who are receiving special education or related services.

**Allowable Use of Federal Funds**

**RtI - CBS - IDEA-B Correlation**

- Students with disabilities (IDEA-B) may receive RtI services unless the strategies are inconsistent with the child’s IEP.
- However, CBS funds may not be used to provide the RtI services to students with disabilities.

**Allowable Use of Federal Funds**

**RtI - CBS - IDEA-B Correlation**

<table>
<thead>
<tr>
<th></th>
<th>May Receive RtI?</th>
<th>May be Served with IDEA-B Funds?</th>
<th>May be Served with CBS Funds?</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Education Students</td>
<td>Tier 1 services are applicable to all students</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Nondisabled, struggling students</td>
<td>Yes</td>
<td>No</td>
<td>Yes (CBS funds are limited to Tier 2 &amp; Tier 3 services)</td>
</tr>
<tr>
<td>Students with Disabilities (with IEP)</td>
<td>Yes, unless inconsistent with IEP</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>
Allowable Use of Federal Funds
RtI – CEIS – IDEA-B Correlation

- If a special education teacher provides RtI (such as Tier 2 or Tier 3) services, the teacher must be split-funded between IDEA-B and CEIS (or another non- IDEA fund)
  - Use IDEA-B funds for the students with disabilities under an IEP
  - Use CEIS funds for the nondisabled, struggling students

Allowable Use of Federal Funds
RtI – CEIS – IDEA-B Correlation

- The special education teacher cannot serve both populations at the same time, even if dually-certified
  - Both types of students (students with disabilities and nondisabled, struggling students) may participate in the RtI activities together at the same time, but only if funded with a fund source that is not IDEA-B or CEIS

Prohibited Use of Federal Funds
IDEA-B Regulations: Prohibited Use of IDEA-B Funds

- Prohibited Use of IDEA-B Funds:
  - IDEA-B funds may not be used to pay attorney's fees or costs of a party related to any action or proceeding under the procedural safeguards
Allowable Use of Federal Funds
IDEA-B Regulations: Fiscal Requirements

- LEAs must comply with the fiscal requirements of IDEA-B:
  - Supplement Not Supplant
  - Excess Cost
  - Maintenance of Effort
  - Proportionate Share (N/A for Charter Schools)

Allowable Use of Federal Funds
IDEA-B Regulations: Supplement Not Supplant

- Supplement, Not Supplant basics:
  - IDEA-B funds must be used only to supplement, and not supplant, State, local, and other Federal funds used for students with disabilities
  - This means IDEA-B funds may only be used in addition to these other funds, rather than replace them

Allowable Use of Federal Funds
IDEA-B Regulations: Excess Costs

- Excess Costs basics:
  - IDEA-B funds may only be used to pay the “excess costs” of providing special education and related services to children with disabilities
  - This requirement prevents the LEA from using IDEA-B funds to pay for all the costs attributable to the education of a child with a disability
Allowable Use of Federal Funds
IDEA-B Regulations: Excess Costs

- Excess Costs basics, continued:
  - Must perform Excess Cost calculation annually, and maintain locally
  - Use TEA’s Excess Cost calculation tool located on Excess Cost website for TEA’s Division of Federal Fiscal Compliance and Reporting

Allowable Use of Federal Funds
IDEA-B Regulations: Maintenance of Effort

- Maintenance of Effort (MOE) basics:
  - The LEA must spend the same amount (100%), or more, of their State and/or local funds for special education from one year to the next, unless the LEA qualifies for an exception or adjustment to justify a decrease in spending

- Maintenance of Effort (MOE) basics, continued:
  - Must perform MOE analysis annually, as well as monitor spending throughout the year to ensure compliance
  - TEA’s MOE Calculation tool is located on the MOE website for TEA’s Division of Federal Fiscal Compliance and Reporting
Proportionate Share basics:
- The LEA must use a proportionate share of their IDEA-B funds to provide parentally-placed private school children with disabilities an opportunity for equitable participation in IDEA-B services (N/A for Charter Schools).

Proportionate Share has a reverse Supplement Not Supplant requirement:
- Must use IDEA-B Proportionate Share funds before using any other fund source.
- State/local funds may supplement, but not supplant, IDEA-B Proportionate Share funds.
- Not required to use additional funds after IDEA-B Proportionate share funds are exhausted, but no prohibition from doing so, provided the LEA meets all requirements of IDEA, including provision of FAPE to their public school children with disabilities.

Allowable Use of Proportionate Share funds, in accordance with Services Plan:
- Special Education
- Related Services
- Materials, Supplies, Equipment
- Must be secular, neutral, and nonideological.
Allowable Use of Federal Funds

IDEA-B Regulations: Proportionate Share

- Allowable Use of Proportionate Share funds, continued:
  - Materials, Supplies, Equipment:
    - LEA must retain title and control
    - LEA must control and administer the funds used for the purchase (cannot give funds directly to the private school)

Proportionate Share
34 CFR 300.138; 300.144

Allowable Use of Federal Funds

IDEA-B Regulations: Proportionate Share

- Allowable Use of Proportionate Share funds, continued:
  - If placed at the private school, the LEA must ensure the equipment, supplies, materials:
    - Are used only for IDEA-B purposes
    - Can be removed from the private school easily
    - Are removed when no longer needed for IDEA-B purposes
    - Are removed if necessary to avoid unauthorized use

Proportionate Share
34 CFR 300.144

Allowable Use of Federal Funds

IDEA-B Regulations: Proportionate Share

- Allowable Use of Proportionate Share funds, continued:
  - Transportation Costs are allowable if necessary for the child to benefit from or participate in the Proportionate Share services
    - The LEA is not required to provide transportation to and from the child's home to the private school
Allowable Use of Federal Funds

IDEA-B Regulations: Proportionate Share

- Allowable Use of Proportionate Share funds, continued:
  - May be used to pay for the services of private school personnel to provide the Proportionate Share services, only if:
    - The private school employee performs the services outside of his/her regular hours of duty
    - The private school employee performs the services under the LEA’s supervision and control

Proportionate Share
34 CFR 300.142

Unallowable Use of Federal Funds

IDEA-B Regulations: Proportionate Share

- Proportionate Share funds may not be used:
  - For Child Find Activities, including evaluations (IDEA-B funds are used for Child Find)
  - To benefit the private school or finance the existing level of instruction
  - To meet the needs of the private school or the general needs of the students enrolled in the private school

Proportionate Share
34 CFR 300.131; 300.141

Allowable Use of Federal Funds

IDEA-B Regulations: Proportionate Share

- Proportionate Share funds Record Keeping Requirements:
  - The number of parentally-placed private school children, ages 3-21 and ages 3-5:
    - Evaluated
    - Determined to be students with disabilities
    - Served with Proportionate Share funds

Proportionate Share
34 CFR 300.131; 300.141
Check Your Understanding

**Question:**
What does Supplement Not Supplant mean?

**Answer:**
IDEA-B funds may only be used in addition to State, local and other Federal funds, rather than replace them.

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**Question:**
Can I use CBS funds for RTI Tier 1 activities designed for all students?

**Answer:**

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Check Your Understanding

**Question:**
Can I use CBS funds for RTI Tier I activities designed for all students?

**Answer:**
No.
IDEA-B funds and CBS funds may not be used for Tier I activities since Tier I is intended for all students.

Activity 3

At your table, discuss the process you would use to:

- Ensure IDEA-B funds are used only for students with disabilities under IDEA (Tables 1 & 5)
- Ensure applicable staff understand IDEA-B programmatic regulations, including sped director, sped teachers, fiscal staff (Tables 2 & 6)
- Ensure compliance with MOE and Excess Cost (Table 3)
- Determine if your LEA will use IDEA-B funds for CBS (Table 4)

Write your responses on the chart paper.
Designate a spokesperson to share out.

TEA Program Guidelines

Located on TEA’s Grant Opportunities webpage
### TEA Program Guidelines: Objectives

- Allowable Use of Funds
- Unallowable Use of Funds
- Categorized by Class Object Code

- [Diagram showing Allowable and Unallowable Use of Funds]

### Allowable Use of Federal Funds

**TEA Program Guidelines**

- TEA provides program guidelines for IDEA-B funds
  - Valuable tool for determining allowable use of funds
  - Produced annually
  - Associated with the Special Education Consolidated Grant application

- [Diagram showing TEA Program Guidelines]

### Allowable Use of Federal Funds

**TEA Program Guidelines**

- TEA provides program guidelines for IDEA-B funds
  - Accessed on TEA's Grant Opportunities webpage

- [Dropdown menu example]

- Use drop downs to select parameters to locate the Special Education Consolidated Grant Application, and then select the Program Guidelines

- [Dropdown menu example]
TEA provides program guidelines for IDEA-B funds, continued

- Program Guidelines: General
  - Allowable Activities and Use of Funds section
  - IDEA-B funds may be used to provide compensatory services
  - Compensatory services are those services an LEA is required to provide due to the LEA's failure to provide special education and/or related services
Allowable Use of Federal Funds

TEA Program Guidelines

Program Guidelines: General

Allowable Activities and Use of Funds section, continued

- Any item that is used by general education students cannot be split-funded with IDEA-B funds.
- The fund source used for general education students must be used for the entire cost of the item.

- For example, if your LEA provides calculators for all students and 10% of the students are students with disabilities, you cannot use IDEA-B funds to pay for 10% of the cost.
- If an item is used by all students, that means it is not unique to the needs of students with disabilities.
- However, in this example, a specially designed calculator needed to meet a need based on a child’s disability would be allowable with IDEA-B funds.

- IDEA-B funds may only be used for items that are supplemental to those used by all students and/or address the unique needs of the child that results from the child’s disability.
Allowable Use of Federal Funds

**TEA Program Guidelines**

- **Program Guidelines: General Allowable Activities and Use of Funds section, Perpetual Software License heading:**
  - LEAs may not obligate or expend grant funds for multi-year software subscriptions or multi-year maintenance fees because these business arrangements provide a benefit for a period longer than the grant period.
  - However, the cost of a perpetual license is allowable as long as the maintenance fee associated with the perpetual license is paid annually during the appropriate grant period.

**TEA's EDGAR FAQ states:**

- You may enter into a multi-year contract with the vendor if you include the language from TEA’s “Guidance and Best Practices: Professional Services Contracts” document that states the contract is only effective upon the LEA’s receipt of the NOGA for that year.

**TEA's EDGAR FAQ, continued:**

- Even with a multi-year contract, you can only pay for one year of service per grant year, since you cannot pay in advance for benefits not yet received.
  - You can only pay for the service you receive within the period of availability indicated on that particular NOGA.
**Allowable Use of Federal Funds**

**TEA Program Guidelines**

- **TEA’s EDGAR FAQ, continued:**
  - You may pay the entire amount at the beginning of the grant year for that year of service **ONLY IF** you receive the full benefit of the subscription (full access to the service) at the beginning of the grant year.
  - If the subscription contains items that are not all available at the beginning of the service (i.e., completing one level of the software before the next level is available), then you could not pay for the entire year of the subscription at the beginning of the grant year.
  - In this example, you may only pay for the service that has been invoiced and received during the period of the invoice.

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**Allowable Use of Federal Funds**

**TEA Program Guidelines**

- **Program Guidelines: Unallowable Activities and Use of Funds section:**
  - Direct administrative costs are not allowable with IDEA-B funds.
  - This means the payroll costs of the special education director and administrative staff are not allowable with IDEA-B funds.
  - Exception: The following administrative/clerical duties are allowable:
    - Administrative Case Management
    - Data positions (Related to Special Education data), e.g., TEA/PEIMS, SEMS, SERS.

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**Allowable Use of Federal Funds**

**TEA Program Guidelines**

- **Program Guidelines: Unallowable Activities and Use of Funds section, continued:**
  - Building purchase, construction, or alterations
  - Hosting or sponsoring of conferences
  - Cost of membership:
    - In any civic, community, or social organization;
    - In organizations substantially engaged in lobbying;
  - Individual memberships in any organization
  - Travel costs for executive directors, superintendents, or board members or directors.
Allowable Use of Federal Funds

TEA Program Guidelines

- The Program Guidelines document also has sections for each class object code and describes allowable and unallowable use of funds for each category
  - Includes a chart that lists various types of expenditures relative to that class object code and depicts whether allowable or unallowable

Allowable Use of Federal Funds

TEA Program Guidelines

- Class Object Codes are defined in TEA’s FAR Guide (Module 1 Financial Accounting and Reporting) of the FASRG (Financial Accountability System Resource Guide)
  - 6100 Payroll Costs
  - 6200 Professional and Contracted Services
  - 6300 Supplies and Materials
  - 6400 Other Operating Expenses
  - 6600 Capital Outlay (Equipment)

Allowable Use of Federal Funds

TEA Program Guidelines

- 6100 Payroll in Program Guidelines
  - All personnel positions must be assigned specifically to special education
  - Teacher retirement and fringe benefits are allowable expenses (can pay total payroll costs: salary/wages and benefits)
Allowable Use of Federal Funds

**TEA Program Guidelines**

**6100 Payroll, continued:**

- **Unallowable:** Personnel responsible for overall administrative functions
- Must split-fund if personnel perform some administrative functions and some allowable functions
- If a case management clerk performs other clerical duties not related to case management, the position must be split-funded

**ESY (Extended School Year) costs are allowable with IDEA-B funds, provided they are only those costs in excess of the amount of ESY funds received from State funding**

**Summer school instruction (that is not ESY) is only allowable with IDEA-B funds if the ARD committee determines that summer instruction is required to ensure FAPE in the least restrictive environment**

**IDEA-B funds cannot be used to fund summer school programs**
Allowable Use of Federal Funds

TEA Program Guidelines

6100 Payroll, continued:
- If a student voluntarily enrolls in summer instruction for credit recovery or credit acceleration, IDEA-B funds may only be used for any supplemental services that are required because of the child’s unique needs related to the child’s disability.

Allowable Use of Federal Funds

TEA Program Guidelines

6100 Payroll, continued
- Refer to the chart in the Program Guidelines to determine which payroll positions are allowable with IDEA-B funds.

Allowable Use of Federal Funds

TEA Program Guidelines

6200 Professional & Contracted Services in Program Guidelines
- Nonpublic Day School tuition is allowable with IDEA-B funds, provided they are only those costs in excess of the amount of Nonpublic Day School funds received from State funding.
Allowable Use of Federal Funds

TEA Program Guidelines

- **6200 Professional & Contracted Services, continued:**
  - Refer to the chart in the Program Guidelines to determine which contracted services are allowable with IDEA-B funds

- **6300 Supplies and Materials in Program Guidelines**
  - IDEA-B funds can only be expended to meet the unique educational needs of an eligible child with a disability to enable that child to receive specially designed instruction toward IEP objectives

- **6300 Supplies and Materials, continued:**
  - Unallowable: Routine supplies, materials, software, equipment, furniture, etc., which are used by all students or for administrative functions
### Allowable Use of Federal Funds

**TEA Program Guidelines**

#### 6300 Supplies and Materials, continued:

- **Allowable:**
  - Instructional supplies and materials that meet the **unique needs** of students with disabilities
  - Supplies and materials for training or staff development related to special education

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#### 6300 Supplies and Materials, continued:

- **Allowable, continued:**
  - Instructional equipment and furniture that meet the **unique needs** of students with disabilities
  - Awards or incentives for participation (noncash incentives)

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#### 6300 Supplies and Materials, continued

- Refer to the chart in the Program Guidelines to determine supplies and materials that are allowable with IDEA-B funds
Allowable Use of Federal Funds

TEA Program Guidelines

6400 Other Operating Costs in Program Guidelines:
- Membership Dues in business, technical, and professional organizations (related to special education) are allowable only if the memberships are in the LEA’s name.
- Individual memberships are not allowable.

Allowable Use of Federal Funds

TEA Program Guidelines

6400 Other Operating Costs, continued:
- Not allowable:
  - Membership dues in civic or community organizations or social organizations are not allowable.
  - Membership dues in organizations substantially engaged in lobbying are not allowable.

Allowable Use of Federal Funds

TEA Program Guidelines

6400 Other Operating Costs, continued:
- Travel costs directly related to special education are allowable.
- Travel costs paid with IDEA-B funds or State funds may not exceed the state rate.
- Travel costs for officials, such as Executive Director, Superintendent, or Board Members, not allowable.
- Travel costs for members of an advisory council or committee are allowable, not to exceed state rate.
Allowable Use of Federal Funds

TEA Program Guidelines

6400 Other Operating Costs, continued:

- Out-of-State Travel directly related to special education is allowable
- Must be reasonable
- Event unavailable in-state
- TEA's "Justification of Specific Expenditure: Out-of-State Travel" form must be completed and maintained locally
- Form serves as supplemental information to demonstrate the activity has a programmatic purpose and is reasonable and necessary

- Transportation costs for students with disabilities are allowable with IDEA-B funds but only after first expending State or local funds up to the state transportation maximum
- IDEA-B funds are used only for the excess costs of transportation

- Costs for participation in Special Olympics are allowable with IDEA-B funds, including:
  - Registration fees
  - Extra-duty pay for staff (coded to 6100)
  - Transportation and travel expenses (not to exceed state rate)
- Cost of uniforms and equipment for Special Olympics is not allowable
Allowable Use of Federal Funds

TEA Program Guidelines

6400 Other Operating Costs, continued:

- Field trips generally fall under the category of entertainment, which is not allowable with grant funds
- Educational Field Trips are allowable but must be justified to demonstrate the programmatic purpose
  - TEA’s “Justification of Specific Expenditures: Educational Field Trips” form must be completed and maintained locally

- The following activities are not considered educational field trips and therefore do not require the justification form:
  - Participation in Special Olympics
  - Community based instruction identified in the student’s IEP
  - Activities to implement the student’s IEP

- The cost of employment of students with disabilities by the LEA is allowable with IDEA-B funds only if the employment is related to or in addition to the student’s course of study and in conjunction with the student’s transition plan
Allowable Use of Federal Funds

TEA Program Guidelines

6400 Other Operating Costs, continued:

- However, if the LEA benefits from the services provided by the employment of the students with disabilities, IDEA-B funds cannot be used.
- Instead, the LEA must use the same fund source used to employ students who are not disabled.

- Participant Support Costs are allowable, if justified to demonstrate programmatic purpose.
- Defined in EDGAR (2 CFR §200.75): Direct costs for items such as stipends, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.

- Participant Support Costs are applicable to non-employees.
- Example: Travel costs for a parent to attend a conference on a topic related to special education.
- Complete TEA’s justification form, “Request for Approval of Participant Support Costs” and submit to TEA (email to grants@tea.texas.gov).
Allowable Use of Federal Funds

TEA Program Guidelines

6400 Other Operating Costs, continued:

- Participant Support Costs:
  - Two pre-approved forms on TEA’s website are not applicable to IDEA-B:
    - “Equitable Services to Private Nonprofit Schools”
    - “Parental Involvement Activities”
  - All participant support costs for the IDEA-B program require submittal of the “Request for Approval of Participant Support Costs” form.

TEA’s EDGAR FAQ (June 2017 version, question 5.3)
Allowable Use of Federal Funds

TEA Program Guidelines

❖ 6400 Other Operating Costs, continued

➢ Refer to the chart in the Program Guidelines to determine “Other Operating Costs” that are allowable with IDEA-B funds.

Allowable Use of Federal Funds

TEA Program Guidelines

❖ 6500 Debt Service in Program Guidelines:

➢ Lease or Lease-Purchase of an adapted bus is allowable.
➢ Lease or Lease-Purchase of a portable building is allowable if for unique special education instruction or instructionally related services, such as:
   ✓ Vocational Training
   ✓ Independent Living Skills

Allowable Use of Federal Funds

TEA Program Guidelines

❖ 6600 Capital Outlay in Program Guidelines:

❖ Capitalization threshold is $5,000, or the capitalization level established by the LEA for financial statement purposes, whichever is less.
   ✓ If a cost item meets the capitalization threshold, it is considered Capital Outlay 6600.
   ✓ If a cost item, including computing devices, is less than the capitalization threshold, it is considered Supplies & Materials 6300.
Allowable Use of Federal Funds

**TEA Program Guidelines**

- **6600 Capital Outlay, continued:**
  - EDGAR (2 CFR §200.33) defines equipment as tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization threshold established by the LEA for financial statement purposes, or $5,000.

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Allowable Use of Federal Funds

**TEA Program Guidelines**

- **6600 Capital Outlay, continued:**
  - EDGAR (2 CFR §200.2) defines acquisition cost as the cost of the asset, including the cost to ready the asset for its intended use.
  - For equipment, the acquisition cost is the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired.

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Allowable Use of Federal Funds

**TEA Program Guidelines**

- **6600 Capital Outlay:**
  - IDEA-B funds can only be expended to meet the unique educational needs of an eligible child to enable that child to receive specially designed instruction toward IEP objectives.
  - Cost items used by or for all students are not allowable with IDEA-B funds.
Allowable Use of Federal Funds

**6600** Capital Outlay, continued:
- Adapted buses are allowable
- Buses must be necessary and reasonable for proper and efficient performance and administration of the IDEA
- Adapted buses purchased to meet the transportation needs of students with disabilities whose IEPs include transportation as a related service are allowable

The IDEA does not require LEAs to transport children with disabilities in separate vehicles, isolated from their peers.

In fact, many children with disabilities can receive the same transportation provided to nondisabled children, consistent with the least restrictive environment requirements of IDEA.

When the transportation needs of a student with disabilities can be met on the regular education bus, the student should not be placed on the special education bus simply because he or she is disabled.
Allowable Use of Federal Funds

**TEA Program Guidelines**

- **6600 Capital Outlay, continued:**
  - **Adapted buses, continued:**
    - Buses that transport nondisabled students may not be purchased with IDEA-B funds
    - The special education bus should not be used to transport nondisabled students, except in limited circumstances
  
- Very strict circumstances apply for allowing a nondisabled child to access an IDEA-B funded bus:
  - Nondisabled siblings of a student with a disability may ride the special education bus with their sibling
  - The vehicle must make the same trip and incur the same expense whether or not the nondisabled child is riding the bus
  - The nondisabled child cannot displace a child with a disability

- The LEA cannot use IDEA-B funds to purchase vehicles that are too large for the intended purpose of providing transportation to children with disabilities in order to provide seating capacity on those vehicles for nondisabled children.
Allowable Use of Federal Funds

TEA Program Guidelines

6600 Capital Outlay, continued:

- Passenger vehicles for transporting students with disabilities to and from school, to and from community-based instruction, or to and from Regional Day School Programs for the Deaf (RDSPD) are allowable with IDEA-B funds.

- A passenger vehicle must not exceed a manufacturer's seating capacity of ten (including the driver).
- If you need to transport more than ten persons (including the driver), you must use a bus instead.
- A bus is designed for carrying more than ten persons and meets stringent school bus safety standards.

- Portable buildings are considered equipment and are allowable with IDEA-B funds, if used for unique special education instruction or instructionally related services, such as:
  - Vocational Training
  - Independent Living Skills.
Allowable Use of Federal Funds

TEA Program Guidelines

- **6600 Capital Outlay, continued:**
  - The construction of new facilities or alteration of existing facilities is **not** allowable with IDEA-B funds.
  - Site preparation costs for portable buildings or playground equipment is considered construction and is **not** allowable with IDEA-B funds.

- **6600 Capital Outlay, continued:**
  - IDEA-B funds **cannot** be used to meet American with Disabilities Act (ADA) compliance requirements, such as wheelchair ramps, wide doors, etc.

- **6600 Capital Outlay, continued:**
  - Refer to the chart in the Program Guidelines to determine “Capital Outlay” costs that are allowable with IDEA-B funds.
The Program Guidelines also have sections of guidance concerning:

- Maintenance of Effort (MOE)
- Coordinated Early Intervening Services (CIS)
- Proportionate Share Services for Parentally-Placed Private School Children with Disabilities (N/A for Charter Schools)

In addition to the Program Guidelines for Special Education, TEA has manuals that are cross-cutting for all programs:

- Grant Management Handbook
- General and Fiscal Guidelines
- Internal Controls Handbook
- Budgeting Costs Guidance Handbook

These and other resources are located on the TEA “Administering a Grant” webpage.

Check Your Understanding

**Question:** Can I use IDEA-B funds for multi-year software subscriptions?

**Answer:**

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Check Your Understanding

Question:
Can I use IDEA-B funds for multi-year software subscriptions?

Answer:
No. However...

However, TEA’s EDGAR FAQ provides criteria for when grant funds may be used:
- Include language in contract that it is only effective upon the LEA's receipt of the NOGA for that year
- May only pay for one year of service per grant year, since you cannot pay in advance for benefits not yet received

Check Your Understanding

Question:
Can I use IDEA-B funds for direct administrative costs?

Answer:
No.

Direct administrative costs are not allowable with IDEA-B funds.

This means the payroll costs of the special education director and administrative staff are not allowable with IDEA-B funds, with the exception of duties related to administrative case management for students with disabilities and duties related to special education data with TIDOS/PEIMS/SEMS/SERS.
Check Your Understanding

**Question:** Can I use IDEA-B funds for the full cost of ESY (Extended School Year)?

**Answer:**
IDEA-B funds may only be used for the ESY costs that are in excess of the amount of ESY funds received from State funding (FSP – Foundation School Program funds).

Check Your Understanding

**Question:** Can I use IDEA-B funds for the full cost of transportation for students with disabilities?

**Answer:**
No.
Check Your Understanding

Question: Can I use IDEA-B funds for the full cost of transportation for students with disabilities?

Answer: No.
Transportation costs for students with disabilities are allowable with IDEA-B funds, but only after first expending State or local funds up to the state transportation maximum.
IDEA-B funds may only be used for the excess costs of transportation.

Check Your Understanding

Question: Do students with disabilities have to ride the adapted bus (special education bus)?

Answer: No.
The IDEA does not require LEAs to transport children with disabilities in separate vehicles, isolated from their peers. In fact, many children with disabilities can receive the same transportation provided to nondisabled children, consistent with the least restrictive environment requirements of IDEA. When the transportation needs of a student with disabilities can be met on the regular education bus, the student should not be placed on the special education bus simply because he or she is disabled.
Check Your Understanding

Question: Can a nondisabled student ride the adapted bus (special education bus)?

Answer: Only in strict, limited circumstances. Nondisabled siblings of a student with a disability may ride the special education bus with their sibling provided the bus makes the same trip and incurs the same expense whether or not the nondisabled child is riding the bus. The nondisabled child cannot displace a child with a disability.

Check Your Understanding

Question: Can a passenger vehicle rather than a bus be used to transport students with disabilities?

Answer: No, only specialized transportation vehicles are allowed for students with disabilities.
Check Your Understanding

**Question:**
Can a passenger vehicle rather than a bus be used to transport students with disabilities?

**Answer:**
Only if you are transporting 10 persons or less (including the driver).
A bus is designed for carrying more than ten persons and meets stringent school bus safety standards. If you need to transport more than ten persons, including the driver, you must use a bus rather than a passenger vehicle.

Check Your Understanding

**Question:**
Can I use IDEA-B funds to meet ADA (Americans with Disabilities Act) compliance requirements?

**Answer:**
No.
IDEA-B funds cannot be used to meet American with Disabilities Act (ADA) compliance requirements, such as wheelchair ramps, wide doors, etc.
Activity 4

- Review Appendix A of the 18-19 Special Education Program Guidelines
- Share one cost item from each class object code (6100, 6200, 6300, 6400, 6600) that you feel directors should be cognizant of.

Allowable Use of Funds

State Funds for Special Education

State Funds for Special Education: Objectives

- Allowable Use of State Special Education Funds
- Unallowable Use of State Special Education Funds
Special Education Funding

State Funds for Special Education

Allowable Use of State Funds

State Funds
19 TAC 89.1125

- TEA provides state funds for LEAs, called Foundation School Program (FSP) funds
- A portion of the FSP funds are allotted for special education
- The allowable use of State special education funds are found in the Texas Administrative Code (TAC)

1. Personnel:
   - Persons paid from State special education funds must:
     - Be assigned to instructional or other duties in the special education program, and/or
     - Provide support services to the regular education program in order for students with disabilities to be included in the regular program

Support services include, but are not limited to:

- Collaborative planning
- Co-teaching
- Small group instruction with special and regular education students
- Direct instruction to special education students
- Other support services determined necessary by the ARD committee
Assignments may include duties supportive to school operations equivalent to those assigned to regular education personnel. This differs from IDEA-B, where administrative duties (other than case management and duties associated with TSDS/PEIMS/SEMS/SERS special education data) are not allowable with IDEA-B funds.

Materials, supplies, equipment:
- State special education funds may be used for special materials, supplies, and equipment which are:
  - Directly related to the development and implementation of IEPs of students, and
  - Not ordinarily purchased for the regular classroom.

Special equipment may include:
- Instructional and assistive technology devices
- Audiovisual equipment
- Computers for instructional or assessment purposes
- Assessment equipment only if used directly with students.
Allowable Use of State Funds
State Funds for Special Education

Office and routine classroom supplies are not allowable with State special education funds

Contracted Services:
- State special education funds may be used to contract with consultants to provide:
  - Staff development
  - Program planning
  - Program evaluation
  - Instructional services
  - Assessments
  - Related services to students with disabilities

Transportation:
- State special education funds may be used for transportation only to and from a residential facility
- This differs from IDEA-B funds that can be used for transporting students with disabilities to and from home, RES IPD, community-based instruction, etc., provided those are the excess costs after using state Transportation funds
- State Transportation funds (primary source of funds for transportation) are a separate funding source from the state special education allotment
Allowable Use of State Funds
State Funds for Special Education

 Travel:  State special education funds may be used to pay staff travel to perform services directly related to the education of eligible students with disabilities

State Funds 19 TAC 89.1125(g)

Allowable Use of State Funds
State Funds for Special Education

 Travel, continued:  State special education funds may be used to pay travel of staff to attend staff development meetings for the purpose of improving performance in assigned positions directly related to the education of eligible students with disabilities

State Funds 19 TAC 89.1125(g)

Allowable Use of State Funds
State Funds for Special Education

 Travel, continued  For the purposes of the travel for staff development, Staff includes: ✓ Administrators ✓ General education teachers ✓ Special education teachers ✓ Service providers

State Funds 19 TAC 89.1125(g)
Allowable Use of State Funds
State Funds for Special Education

- **Travel, continued:**
  - In no event shall the purpose of attending such staff development meetings include time spent in performing functions relating to the operation of professional organizations.

- **State special education funds** may be used to pay for the joint training of parents and special education personnel, related services personnel, and general education personnel.

- **No more than 48% of the LEA’s State Special Education allotment may be expended on indirect costs.**
Check Your Understanding

Question: Can I use my State special education funds for the transportation costs of students with disabilities?

Answer: State special education funds (from the FSP Special Education allotment) may only be used for transporting students with disabilities to and from a residential facility.

Check Your Understanding

Question: Can I use State special education funds or IDEA-B funds for routine office or routine classroom supplies, materials, or equipment?

Check Your Understanding

Question: Can I use State special education funds for the transportation costs of students with disabilities?
Check Your Understanding

Question: Can I use State special education funds or IDEA-B funds for routine office or routine classroom supplies, materials, or equipment?

Answer: No. Office and routine classroom supplies are not allowable with State special education funds. Routine supplies, materials, software, equipment, furniture, etc., which are used by all students or for administrative functions are not allowable with IDEA-B funds.

Allowable Use of Funds

Action Steps

Action Steps: Objectives

• Application of Knowledge Gained
• Recommendation of Action Steps
Allowable Use of Funds

Action Steps

- Before using IDEA-B funds, ensure you are aware of the cross-cutting principles that apply to all Federal education programs, as well as the program-specific requirements
- Make sure you understand which expenditures are allowable and unallowable

Allowable Use of Funds

Action Steps

- Make sure you have proper and adequate documentation to justify expenditures
- Make sure you are in compliance with various record-keeping and reporting requirements

Allowable Use of Funds

Action Steps

- Familiarize yourself with the Federal Cost Principles outlined in the Uniform Guidance
- Familiarize yourself with the EDGAR Obligations chart so you will know the timing of when an obligation is made, depending on the type of obligation
Allowable Use of Funds

Action Steps

- Every year, download the TEA Program Guidelines for the Special Education Consolidated Grant application and read it before completing your grant application.
- Refer to the Program Guidelines throughout the year to determine if a cost is allowable.

Action Steps

- Check for “Erratas” to the Program Guidelines throughout the year.
  - The “Erratas” are notifications of revisions made to the Program Guidelines.
  - Erratas will be located on the TEA Grant Opportunities webpage, along with the other resources for the specific grant.

Action Steps

- Work closely with your Business/Finance office to ensure both areas are aware of allowable use of IDEA-B funds and State Special Education funds.
- Keep documentation to justify expenditures.
Allowable Use of Funds

**Action Steps**

- Make sure your LEA has documentation to support the salaries and wages paid from IDEA-B funds.
  - Records must accurately reflect the work performed and reasonably reflect the total activity by which the employee is compensated.

- Make sure you comply with the expenditure monitoring for:
  - Excess Costs
  - Maintenance of Effort

- Make sure you comply with the student tracking requirements for:
  - Proportionate Share (not applicable to charter schools)
  - CBS, if applicable
Allowable Use of Funds

Action Steps

- Make sure your LEA has written procedures on how you determine a cost is allowable with IDEA-B funds

Written Procedures

Determining a Cost is Allowable

WRITTEN PROCEDURES REQUIRED:

- The Uniform Guidance requires LEAs to have written procedures for how they determine a cost is allowable with Federal funds

2 CFR 200.302(b)(7)
**Written Procedures**

**Determining a Cost is Allowable**

- **WRITTEN PROCEDURES REQUIRED, continued:**
  - These written procedures should describe the steps taken to determine a cost is allowable
  - Recommendation: Include the various roles of the Special Education Director, Purchasing Department, Business Office, etc.

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**Written Procedures**

**Determining a Cost is Allowable**

- **WRITTEN PROCEDURES REQUIRED, continued:**
  - Best Practice: Include procedures for determining allowability of cost throughout the entire cycle of a procurement:
    - Before submitting the grant application
    - After receiving the NOGA
    - Before obligating and spending Federal funds on the proposed good or service
    - After the cost item is purchased and received, to ensure it is being used for its intended purpose

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**Activity 5**

Write your responses on the chart paper.
Designate a spokesperson to share out.
ZOOM Participants: Type your response in the chat box

Each table:
- Summarize best practices for determining a cost is allowable with IDEA-B funds
Resources

Uniform Guidance 2 CFR Part 200
https://www.ecfr.gov/cgi-bin/text-idx?SID=6214841a799537f6c5c230d72d6b70a1&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

EDGAR

IDEA-B Regulations
https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title34/34cfr300_main_02.tpl

TEA Program Guidelines
http://tea4avoswald.tea.state.tx.us/GrantOpportunities/forms/GrantProgramSearch.aspx

State Special Education Allotment
http://ritter.tea.state.tx.us/rules/tac/chapter089/ch089a.html#division4

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