Excess Cost 101

FY24 SELDA
Department of Special Education
Services and Supports

Stephanie Hurst, Program Specialist
December 7, 2023
Learning Targets

- Become familiar with IDEA supplanting tests
- Understand Excess Cost requirement
- Develop a general understanding of the Excess Cost calculation
Excess Cost Definition

Excess costs are those costs for the education of an elementary or secondary school student with a disability that is more than the average annual per pupil expenditure (APPE) in an LEA.

An LEA must spend at least APPE on the education of a child with a disability before funds under IDEA, Part B are used to pay the excess costs of providing special education and related services.
Excess Cost Calculation Submission Deadline

January 31st
34 CFR §300.202 Use of amounts explains the appropriate use of IDEA, Part B funds for students with disabilities. It states:

(a) General. Amounts provided to the LEA under Part B of the Act—

(1) Must be expended in accordance with the applicable provisions of this part;

(2) Must be used only to pay the excess costs of providing special education and related services to children with disabilities, consistent with paragraph (b) of this section; and

(3) Must be used to supplement State, local, and other Federal funds and not to supplant those funds.
Federal Requirement to Supplement, Not Supplant

In other words:

Local education agencies (LEAs) may not use IDEA, Part B funds as the primary source for educating students with disabilities.
Supplanting Tests for IDEA

1. Maintenance of Effort (MOE)

2. Excess Cost
The Excess Cost calculation demonstrates that the LEA is not using federal funds in place of local and state funds for the educational program regarding students with disabilities.
Excess Cost Calculation

• Each LEA must complete the Excess Cost Calculation in the Consolidated Application (Con App), Special Ed Excess Cost portal, annually.

• Each LEA must spend the minimum average amount per student by the end of the fiscal year to meet compliance. Failure to meet excess cost requirements could result in the State recovering funds from the LEA.

• This is one way the Georgia Department of Education (GaDOE) monitors for supplanting of IDEA funds.
Excess Cost Calculation
Two-Step Process

Step #1
Excess Cost Results

Step #2
Excess Cost Base
# Excess Cost Results Versus Base

<table>
<thead>
<tr>
<th>Excess Cost Results</th>
<th>Excess Cost Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculated after expenditures have been processed</td>
<td>Completed after the Excess Cost Results is approved by GaDOE Special Education Budget unit</td>
</tr>
<tr>
<td>Calculation shows the LEA <strong>expended</strong> the minimum average amount separately for elementary children with disabilities and for secondary children with disabilities before IDEA funds were used.</td>
<td>Calculation shows the LEA <strong>projects to expend</strong> the minimum average amount separately for elementary children with disabilities and for secondary children with disabilities before IDEA funds are used.</td>
</tr>
</tbody>
</table>

**Note:** The Office of Special Education Programs (OSEP) has clarified that, if the non-IDEA funds are expended by the end of the fiscal year, IDEA funds may be expended concurrently.
Excess Cost Calculation Overview

The LEA must first determine elementary and secondary expenditures separately.

Central Office costs must be attributed to elementary and secondary costs.

Then the LEA must subtract the amount of capital outlay and debt expenditures.
Excess Cost Calculation Overview (cont.)

The LEA must subtract amounts spent from other Federal, State and local funds.

The LEA must determine the APPE for elementary and secondary school students. This number includes all students with disabilities.

The LEA must determine the total minimum amount of funds that must be spent for the education of its elementary and secondary school students with disabilities.
Excess Cost Calculation Overview (cont.)

The LEA adds the state and local expenditures for special education to determine if it met or did not meet the Excess Cost requirement.
Excess Cost Calculation Overview (cont.)

• Once the Excess Cost Results are approved by GaDOE, the LEA completes and submits the Excess Cost Base.

• The Excess Cost Base provides the LEA with a projected calculation to determine if the Excess Cost requirement will be met at the end of the current fiscal year.
<table>
<thead>
<tr>
<th><strong>Simple Calculation</strong></th>
<th>Elementary</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total State and Local Funds:</td>
<td>$3,000</td>
<td>$2,000</td>
</tr>
<tr>
<td>Total Enrollment:</td>
<td>25</td>
<td>20</td>
</tr>
<tr>
<td><strong>Average Annual Per Pupil:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>(Total Funds divided by Total Enrollment)</em></td>
<td>$120</td>
<td>$100</td>
</tr>
<tr>
<td>Students with Disabilities Count:</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td><strong>Minimum Target:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>(Avg Annual Per Pupil x Students with Disabilities Count)</em></td>
<td>$1,440</td>
<td>$1,000</td>
</tr>
<tr>
<td>School Level Special Education Expenditures:</td>
<td>$1,000</td>
<td>$800</td>
</tr>
<tr>
<td>Other Special Education:</td>
<td>$500</td>
<td>$300</td>
</tr>
<tr>
<td><strong>Total Special Education Expenditures:</strong> <em>(School Level Special Education + Other Special Education Expenditures)</em></td>
<td>$1,500</td>
<td>$1,100</td>
</tr>
<tr>
<td>Less Minimum Target:</td>
<td>$60</td>
<td>$100</td>
</tr>
<tr>
<td>Met or DNM?</td>
<td>Met</td>
<td>Met</td>
</tr>
</tbody>
</table>
## Let’s Practice

<table>
<thead>
<tr>
<th></th>
<th>Elementary</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total State and Local Funds:</td>
<td>$1,000</td>
<td>$2,000</td>
</tr>
<tr>
<td>Total Enrollment:</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td><strong>Average Annual Per Pupil:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Total Funds divided by Total Enrollment)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Students with Disabilities Count:</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td><strong>Minimum Target:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Avg Annual Per Pupil x Students with Disabilities Count)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>School Level Special Education Expenditures:</td>
<td>$1,000</td>
<td>$600</td>
</tr>
<tr>
<td>Other Special Education:</td>
<td>$500</td>
<td>$300</td>
</tr>
<tr>
<td><strong>Total Special Education Expenditures:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(School Level Special Education + Other Special Education Expenditures)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less Minimum Target:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Met or DNM?</td>
<td>?</td>
<td>?</td>
</tr>
</tbody>
</table>

### Directions:
- Complete the empty red boxes.
- Determine if the LEA meets or does not meet (DNM) for elementary and secondary.
- Does the LEA meet overall? _____
<table>
<thead>
<tr>
<th></th>
<th>Elementary</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total:</td>
<td>$1,000</td>
<td>$2,000</td>
</tr>
<tr>
<td>Total Enrollment:</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td><strong>Average Annual Per Pupil:</strong> (Total Funds divided by Total Enrollment)</td>
<td>$100</td>
<td>$100</td>
</tr>
<tr>
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<td>5</td>
<td>10</td>
</tr>
<tr>
<td><strong>Minimum Target:</strong> (Avg Annual Per Pupil x Students with Disabilities Count)</td>
<td>$500</td>
<td>$1,000</td>
</tr>
<tr>
<td>School Level Special Education Expenditures:</td>
<td>$1,000</td>
<td>$600</td>
</tr>
<tr>
<td>Other Special Education:</td>
<td>$500</td>
<td>$300</td>
</tr>
<tr>
<td><strong>Total Special Education Expenditures:</strong> (School Level Special Education + Other Special Education Expenditures)</td>
<td>$1,500</td>
<td>$900</td>
</tr>
<tr>
<td>Less Minimum Target:</td>
<td>$1,000</td>
<td>-$100</td>
</tr>
<tr>
<td><strong>Met or DNM?</strong></td>
<td>Met</td>
<td>DNM</td>
</tr>
</tbody>
</table>

**Directions:**

- Complete the empty red boxes.
- Determine if the LEA meets or does not meet for elementary and secondary.
- Does the LEA meet overall? **No**
Excess Cost Portal Tabs

Two-Step Process

• Excess Cost Result Tab
  • School
  • District
  • Calculations
  • Audit Trail

• Excess Cost Base Tab
  • Calculations
  • Audit Trail

Sub-tabs for Results

Sub-tabs for Base
Excess Cost Navigation
Excess Cost Form Selection

### Special Education Excess Cost Expenditures

<table>
<thead>
<tr>
<th>Fiscal Year:</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>District Name:</td>
<td>Select District</td>
</tr>
</tbody>
</table>

**Note:**
- The finance person generally completes the financial portion of the calculation.
- The special education director generally provides the enrollment information.
Excess Cost Result Tab

| Fiscal Year: | 2023 | District Name: | Select District |

- **Excess Cost Result**
- **Excess Cost Base**
  - School
  - District
  - Calculations
  - Audit Trail

Sub-tabs
Excess Cost Base Tab

- Calculations
- Audit Trail
Submission Process
Order of Signoff

1. Coordinator
2. Superintendent
3. Program Manager

Note:
- All should receive automated email notifications from the portal.
- The Audit Trail provides status information and comments.
What to Expect

- LEAs will access resources and enter expenditures in the FY2023 Excess Cost portal.
- This is a two-step process: Results and Base
- Student count information must be entered in the Results and Base tabs.
- All FY23 expenditures should be entered into the Results tab first and then signed off.
- The Base tab will automatically populate the “Prior Year Average Annual School Level Per Student Expenditure” from the Results tab after GaDOE approves the Results tab.
- The Excess Cost Calculation deadline is January 31, 2024. Note: LEAs must submit both the Excess Cost Results and Base calculations by the deadline.
Excess Cost Verification

• The Special Education Budget Unit will review the Excess Cost Calculations submitted annually.

• LEAs must keep supporting evidence on file for expenditures entered.

• The Excess Cost Calculation is a monitoring indicator and will be reviewed during Cross Functional Monitoring.
  • Note: GaDOE reserves the right to verify the reporting of Excess Costs at any time needed for evidence of free appropriate public education (FAPE), and subsequently to award IDEA funds.
## Excess Cost

### Tips for Submission

- **Enter School tab first under Excess Cost Result.**
- **Make sure all cells have data. Input zeroes (0) if no data is applicable.**
- **Make sure to enter the student enrollment counts on the School tab.**
- **Save early, save often. The portal times out every 15 minutes.**
- **Review available tools and resources.**
- **Students with disabilities count is on the FTE report FT017 (October).**
Documents Needed for the Excess Cost Calculation

• DE046 Financial Analysis Report – actual report
• October FTE reports
  • FT002 – Student Enrollment by Grade Level
  • FT017 – Special Education Child Count
• School-level state and local amounts expended for special education.
• Other state and local expenditures expended for special education.
Test Your Knowledge

Let’s take a little quiz!
1) What is supplanting?
   a. It is a budgeting tool.
   b. Replacing state and local funds with federal funds
   c. Both A and B
2) What are the IDEA supplanting test(s)?
   a. Excess Cost
   b. MOE
   c. Both A and B
3) What is the method for calculating whether an LEA has met the Excess Cost requirement?

a. By expending the minimum average in non-IDEA funds on the education of students with disabilities

b. By actually expending at least as much as the LEA expended in the previous year (comparison year)

c. By actually expending less in state expenditures than the LEA expended in previous year (comparison year)
4) If an LEA does not meet Excess Cost, what must it do?

a. Submit documentation for a waiver of the Excess Cost requirement

b. Submit a request for exceptions and/or adjustments

c. LEA must meet or repay funds
Resources available on the Budget, Grants and Consolidated Application webpage.
Resources

GaDOE Financial Review Division

- Excess Cost Data File by District
  - Extraction from the DE046 actual financials that were submitted for FY 2023
  - The finance person has access to the data file.
  - Financial Review will send a notification when it is available.
Questions?
Contact Us  We’re Here to Help!

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