Calculating Excess Cost

Appendix A of the IDEA Regulations

The LEA must determine the total amount of the IDEA funds for children with disabilities, state and federal special education and related services, and state and federal compensatory education and related services for the preceding school year. The total amount is the total amount of IDEA funds for children with disabilities for the preceding school year. The LEA must use the following formulas for elementary and secondary schools:

Elementary School:
1. From State and local tax funds: \( \text{Total Tax Fund } = T \times 1,000 \)
2. From federal funds: \( \text{Federal Funds } = F \times 0.05 \)
3. Total Expenditures: \( \text{Total Expenditures } = T + F \times 0.05 \)
4. The LEA must subtract the following amounts from total expenditures:
   - Capital outlay and debt service
   - Other services

Secondary School:
1. From State and local tax funds: \( \text{Total Tax Fund } = T \times 1,000 \)
2. From federal funds: \( \text{Federal Funds } = F \times 0.05 \)
3. Total Expenditures: \( \text{Total Expenditures } = T + F \times 0.05 \)
4. The LEA must subtract the following amounts from total expenditures:
   - Capital outlay and debt service
   - Other services
Calculating Excess Cost

Appendix A of the IDEA Regulations
First the LEA must determine the total amount of its expenditures for elementary school students from all sources—local, State, and Federal (including Part B)—in the preceding school year. Only capital outlay and debt services are excluded. Example: The following is an example of a computation for children with disabilities enrolled in an LEA’s elementary schools. In this example, the LEA had an average elementary school enrollment for the preceding school year of 800 (including 100 children with disabilities). The LEA spent the following amounts last year for elementary school students (including its elementary school children with disabilities):

1. From State and local tax funds.  
   $6,500,000

2. From Federal funds  
   600,000

Total expenditures  
7,100,000

Of this total, $60,000 was for capital outlay and debt service relating to the education of elementary school students. This must be subtracted from total expenditures.

   1. Total Expenditures  
      $7,100,000
   2. Less capital outlay and debt service  
      -60,000

Total  
$7,040,000
Next, the LEA must subtract from the total expenditures amounts spent for: (1) IDEA, Part B allocation, (2) ESEA, Title I, Part A allocation, (3) ESEA, Title III, Parts A and B allocation, (4) State and local funds for children with disabilities, and (5) State or local funds for programs under ESEA, Title I, Part A, and Title III, Parts A and B. These are funds that the LEA actually spent, not funds received last year but carried over for the current school year.

Example: The LEA spent the following amounts for elementary school students last year:

1. From funds under IDEA, Part B allocation. $200,000
2. From funds under ESEA, Title I, Part A allocation. $250,000
3. From funds under ESEA, Title III, Parts A and B allocation. $50,000
4. From State funds and local funds for children with disabilities. $500,000
5. From State and local funds for programs under ESEA, Title I, Part A, and Title III, Parts A and B. $150,000

Total $1,150,000

(1) Total expenditures less capital outlay and debt. $7,040,000
(2) Other deductions. $1,150,000
Total $5,890,000

What Federal funds are NOT taken of the computation?
Except as otherwise provided, the LEA next must determine the average annual per student expenditure for its elementary schools dividing the average number of students enrolled in the elementary schools of the agency during the preceding year (including its children with disabilities) into the amount computed under the above paragraph. The amount obtained through this computation is the minimum amount the LEA must spend (on the average) for the education of each of its elementary school children with disabilities. Funds under Part B of the Act may be used only for costs over and above this minimum.

(1) Amount from Step b                      $5,890,000
(2) Average number of students enrolled.    800
(3) $5,890,000/800 Average annual per student expenditure.   $7,362
Except as otherwise provided, to determine the total minimum amount of funds the LEA must spend for the education of its elementary school children with disabilities in the LEA (not including capital outlay and debt service), the LEA must multiply the number of elementary school children with disabilities in the LEA times the average annual per student expenditure obtained in paragraph c above. Funds under Part B of the Act can only be used for excess costs over and above this minimum.

(1) Number of children with disabilities in the LEA’s elementary schools [THIS YEAR]. 100

(2) Average annual per student expenditure. $7,362

(3) $7,362 x 100 = Total minimum amount of funds the LEA must spend for the education of children with disabilities enrolled in the LEA’s elementary schools before using Part B funds.

$736,200
This calculates the amount, in aggregate, the LEA must spend for the education of children with disabilities in its elementary schools. Now, you need to do the same calculation for secondary schools.

Why?