

ALABAMA HIGH COST FUND (ALHCF)
Alabama State Department of Education
Special Education Services

Introduction

There are approximately 96,429 public school children receiving special education services (SES) in the state of Alabama. The local education agency (LEA) typically has multiple children that are classified as a high-needs child. The LEA expenditures for a high-needs child can exceed multiple times that of a general education child. Special education children with high-needs costs are not evenly distributed throughout the state. The uneven distribution of children with high needs generate an excessive expenditure demand for certain LEAs.

The *Individuals with Disabilities Education Act* (IDEA) allows each State the option to set aside a percent of the allocated funds reserved for state-level activities to establish a “High Cost Fund” (HCF) that would assist LEAs in costs required for meeting the needs of children with disabilities that are determined high-needs children. (34 C.F.R. §300.704 (c))

The State Plan

The Alabama State Department of Education (ALSDE) will reserve ten percent of the amount of funds that the SES reserves for other state-level activities under 34 CFR 300.704 (b)(1). This is not new or extra funding. These funds will not be used for costs associated with establishing, supporting, and otherwise administering the ALHCF. These funds will remain under the control of the State until disbursed to an LEA to support a specific child who qualifies under the ALSDE plan for the ALHCF. The impact of the ALHCF on a child’s services and placement may be monitored by the ALSDE.

Alabama High-Cost Fund Program- Established Fiscal Year 2017

Purpose:

The ALHCF is intended to provide additional funding for LEAs in the provision of direct special education and related services to these high-needs children with disabilities by reducing the financial impact associated with providing direct special education and related services for high cost children with disabilities.

Definition of a High-Needs Child with a Disability:

“A child with high-needs, is a child with a disability as classified under IDEA and receives special education and related services identified in an Individualized Education Program (IEP) that exceeds the typical needs of a child with a disability, thus creating a financial impact on the LEA. When the costs to provide a free and appropriate public education (FAPE) to a child with a disability exceeds three times the average per-pupil expenditure, an LEA may request a ALHCF grant. Only costs identified in the student’s IEP and are associated with providing direct special education and related services to the student are considered in determining whether a student is a high-needs child.”

A high-needs child is a student who:

1. Is 3-21 years of age, inclusive.
2. Is currently eligible for special education and related services under IDEA Part B.
3. Has a current IEP.
4. Is enrolled within the LEA requesting funds and receives special education and related educational services from that LEA.
5. Has special education needs that are in excess of the typical needs of a child with a disability in the area of intensity, occurrence, and/or diversity.
6. Has direct educational costs of providing the special education services that may present a significant impact on the financial resources of the LEA.

Criteria for LEA Participation:

An LEA is eligible to apply for the ALHCF on behalf of any child, ages 3-21, with a current IEP, who also meets the predetermined criteria in the definition of a high-needs child with a disability, and is currently receiving special education services that are deemed to be greater than three times the average per-pupil expenditure.

An LEA must also meet the following additional criteria to receive an ALHCF:

1. The LEA must submit a properly completed ALHCF application and supporting documents within the established annual timeline.
2. The LEA must have a determination status of Meets Requirements during the funding school year.
3. The LEA must not have lapsed IDEA Part B formula funds from the preceding funds appropriation year.
4. The LEA must not have carried forward 30% or more of its IDEA, Part B, formula funds during the preceding school year.
5. The LEA has an approved application for federal special education funds for the current year in the electronic Grant Application Process (e-GAP) system.

Criteria for LEA Use of High Cost Funds:

Consistent with LRE requirements of IDEA (34 CFR §300.114), the costs associated with educating a high-needs child with a disability are only those costs associated with providing the direct special education and related services that are identified in that child's IEP, including the cost of room and board for a residential placement if determined necessary to implement a child's IEP.

An LEA receiving funds under the ALHCF grant must adhere to the following regarding use of funds:

1. The LEA may not use the ALHCF grant to limit or place conditions on the rights of a child with a disability to receive FAPE.
2. The LEA may not use the ALHCF for placements that are determined inconsistent with 34 CFR §300.114-118.
3. All cost items documented in the ALHCF Eligibility Application must be clearly identified in the child's IEP.
4. Allowable expenditures include, but are not limited to:
 - One-to-one assistance
 - Extended school year services
 - Specially trained related service providers
 - Public or private day programs
 - Specialized equipment
 - Materials and supplies specific to the child
 - Contracted services specific for the child
5. The ALHCF is used only to provide the services documented in the ALHCF grant application for a specific high-needs child.
6. The LEA must incur all costs during the school year.
7. Transportation costs are limited to personnel, equipment, or services required for the specific high-needs costs as identified in the child's IEP. Any transportation costs not specific to the child with high-needs or prorated for the high-needs child will be an unallowable expense.
8. An LEA submitting a claim under this provision of IDEA shall be prepared to provide supporting documentation related to the education program provided to the high-need child (invoices and payment records for all expenditures, a copy of a contract for services, etc.).
9. Disbursements from this fund **shall not** be used to pay costs that would typically be reimbursed as medical assistance for a child with a disability under the State Medicaid program under Title XIX of the *Social Security Act* or any other State Catastrophic funds.

10. The costs eligible under this grant **shall not** include the following:
 - Legal fees, court costs, or other costs associated with a cause of action brought on behalf of a child with a disability to ensure a FAPE.
 - Indirect costs and administrative or leadership costs associated with the provision of the services to the child.
 - Costs to support other activities not identified in the HCF grant application.

Documentation:

LEAs must create and maintain adequate and sufficient documentation (i.e. kept five years) for all ALHCF grant expenditures for services. The LEA must use the IDEA High Cost Fund Source Code 3213 and maintain the appropriate time and effort and certification reports, if the award funds the pro-rated salaries of any personnel who provide services to a high-needs child. The LEA must also submit any supporting documents and have available for review in the electronic SETS portal the current IEP and eligibility report for the submitted AHCF applications. The ALSDE may require additional evidence for any expenditure, such as paid invoices or other documentation, for items included in the application for the ALHCF.

ALHCF Awards Status Timelines, Procedures, and Notification:

The procedural timeline for the ALHCF grants are as follows:

1. The ALHCF Plan and application will be posted to the ALSDE Website and will include the requirements for meeting the established criteria for filling a claim under this program.
2. All applicants will complete and submit the appropriate application and supporting documentation by the posted deadlines. The LEA will determine if any student would meet these criteria and choose to submit an application(s). The special education director or designee must submit the application. If an LEA is a member of a shared services arrangement (SSA) i.e., Conversion Charter School, the SSA fiscal agent must submit the application. An LEA may submit multiple student applications (max of three per submission period), of children with disabilities enrolled in the LEA. Consideration for extenuating circumstances will be made on a case-by-case basis discussed with and approved by the ALSDE.
3. The ALSDE, SES, will begin taking applications for the ALHCF grant in July. Applications will be reviewed and awards provided based on the following timelines. ****Additional application submission dates may be added if funds remain in the ALHCF grant after the second application review date and LEA notifications.**

Application Submission Deadlines (Postmarked by):
September 1 st
**November 30 st
LEA Notification of Award Status will be provided within 45 days after the application submission deadline.

4. The ALHCF cannot be used for expenses incurred for the high-needs child in prior years.
5. All applications received or postmarked by the end of the business day on the application submission deadline date will be reviewed by staff of the ALSDE to determine if the unique qualities of the high-needs child related to occurrence, intensity of, and diversity of services are in excess of the typical high-needs child with a disability. The documentation of prior interventions and resources targeted to meet the provision of a FAPE for the high-needs child included in the ALHCF grant application will also be reviewed. The ALSDE has an obligation to avoid making grant awards that have, or appear to have, a conflict of interest between the ALSDE or ALSDE officials, employees, or agents and the recipient of the award.
6. The ALHCF grant awards will be made according to the information included in each application. Compliance Monitoring Citations/Determinations will be reviewed and considered prior to awarding ALHCF grants.
7. The ALHCF grant funds do not carry over and must be expended before September 30th annually. These funds revert on October 1st of each year. All reverting funds will be added to IDEA 611, Part B, federal allocation to LEA's for the next school year.

8. In the event there is an extraordinary situation that would cause a fiscal impact on the LEA resulting in an inability to provide services to children with disabilities in the LEA, consideration for immediate review of an application may be made. In this case, the application should be submitted with a letter addressed to the ALSDE, Coordinator of Special Education Services documenting the need for immediate attention and funding.
9. If ALHCF grant awards exceed funds available, the ALSDE will prorate the amount paid to the claimants filing claims.

Procedures for Awarding ALHCF Awards:

The ALHCF grant applications will be prioritized based on the following:

<u>Considerations related to the student:</u>	<u>Considerations related to the LEA:</u>
<ul style="list-style-type: none"> ○ The LEA plan maintains the child in the community. ○ A child who is a ward of the state. ○ A child who attends a state school excluding any residential expense. 	<ul style="list-style-type: none"> ○ LEAs Determination Status ○ LEAs that have an excessive number of children with disabilities whose special education and related cost is in excess of three times the per-pupil amount. ○ Magnitude of LEA support previously provided as documented and evidenced in the application submitted for funding. ○ The LEA’s carryover amount from the preceding school year. ○ LEAs sharing resources to provide for multiple high-needs children when the cost for each LEA exceeds three times the per pupil amount. A description of this collaboration should be included in the plan for the child. ○ If the cost of providing FAPE to the child presents a significant impact on the financial resources of the LEA and this impact could impair the LEA’s ability to provide FAPE to other children.

Distribution of ALHCF:

- A grant award notification and Memorandum of Agreement will be sent to the LEA after an approval of the application is granted.
- The ALHCF award must be budgeted systemwide using revenue and fund source code 3213-IDEA High Cost Fund.

Please complete and return the ALHCF Application and supporting documentation to:

**Alabama State Department of Education
Special Education Services
Attention: Fiscal Section (High Cost Fund)
P.O. Box 302101
Montgomery, AL 36130-2101**

Applications and supporting documentation sent via electronic mail **will not** be accepted. In the event that the ALHCF grant requests exceed the amount available, the ALHCF grant awards will be prorated.