August 25, 2016

MEMORANDUM

TO:       City and County Superintendents of Education

FROM:     Philip C. Cleveland  PCC
           Interim State Superintendent of Education

RE:       High Cost Fund Grant

For Fiscal Year 2017, a High Cost Fund Grant will be available through the Alabama State Department of Education, Special Education Services Section. The grant is intended for local education agencies (LEAs) that need assistance with expenses for “high-need” students with disabilities. The full explanation of this grant and the required criteria are attached. The High Cost Fund Grant application is also attached.

If you need clarification or have questions, please contact Mrs. Erika Richburg, Special Education Services Section, by telephone at (334) 242-8114 or by e-mail at erichburg@alsde.edu.

PCC/CR/CM

Attachments

cc:       City and County Special Education Coordinators
          Dr. Mark Kirkenier
          Dr. Linda Felton-Smith
          Ms. Crystal Richardson
          Mrs. Erika Richburg

FY16-2088
# HIGH COST FUND GRANT

Application for Financial Assistance
Alabama State Department of Education
Office of Learning Support, Special Education Services

LEA: ________________________  Fiscal Year: ________________________

<table>
<thead>
<tr>
<th>LEA APPLICANT INFORMATION</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Education Agency</td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td></td>
</tr>
<tr>
<td>Superintendent</td>
<td></td>
</tr>
<tr>
<td>Special Education Coordinator</td>
<td></td>
</tr>
<tr>
<td>Contact Person</td>
<td></td>
</tr>
<tr>
<td>Mailing Address</td>
<td></td>
</tr>
<tr>
<td>Telephone Number</td>
<td></td>
</tr>
<tr>
<td>E-mail Address</td>
<td></td>
</tr>
</tbody>
</table>

Superintendent’s Name __________________________________________     Superintendent’s Signature ____________________ Date ___________

Chief School Financial Officer’s Name ____________________________ CSFO’s Signature ____________________ Date ___________

Special Education Coordinator’s Name ____________________________ Coordinator’s Signature ______________ Date ___________

---

FOR ALSDE USE ONLY

Return the Grant Application and Supporting Documentation to:
Alabama State Department of Education
Office of Learning Support
Special Education Services
Attention: Fiscal Section
50 North Ripley Street
Montgomery, AL 36104-3833

DATE RECEIVED: ____________________
APPLICATION NUMBER: ____________________
APPROVED GRANT #: ____________________
HIGH COST FUNDS AMOUNT AWARDED: $ ________________
# HIGH COST FUND GRANT

Application for Financial Assistance

Alabama State Department of Education
Office of Learning Support, Special Education Services

LEA: ___________________________ Fiscal Year: ______________________

## STUDENT INFORMATION

<table>
<thead>
<tr>
<th>Name of Student:</th>
<th>Student ID#:</th>
<th>Area of Disability:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age:</td>
<td>DOB:</td>
<td>Gender:</td>
</tr>
<tr>
<td>Name of County/City:</td>
<td></td>
<td>Student’s Ethnicity/Race:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Grant Status:</th>
<th>New Application</th>
<th>Amendment Application</th>
<th>Renewal Application</th>
<th>Exception Application</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>School:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Location of School:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>School Mailing Address:</th>
<th>Street:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>City:</td>
<td>Zip:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of Father/Parent or Guardian:</th>
<th>Home Address:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>City:</td>
<td>Zip:</td>
<td>Telephone:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of Mother/Parent or Guardian:</th>
<th>Home Address:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>City:</td>
<td>Zip:</td>
<td>Telephone:</td>
</tr>
</tbody>
</table>

## STATEMENT OF FINANCIAL NEED

Provide a detailed statement showing each anticipated source of funds (including local) for the proposed expenditures in this application by the local education agency special education program and the amount requested. (Total cost over $27,294 will be used as the minimum to be considered in the application)

| 1. Special Education Services | $ |
| 2. Related Services | $ |
| 3. Other Costs | $ |

| 4. Total Cost of the Student | $ |
| 5. Minus 3 Times Annual Cost | $ |
| 6. Minus Additional Funds (example: Health Insurance, Medicaid) - if none indicate NA | $ |

| 7. TOTAL ALLOWABLE FOR HCF GRANT (Line 4 minus 5 and 6) | $ |

Does this “high-needs” child receive financial benefit from any other agencies: YES _____ NO _____

If yes, please provide a detailed statement below regarding funding from other agencies including the amount of funding.
Provide specific details of the unique characteristics for the student determined to be “high need” (include developmental, cognitive, social emotional, and medical factors).

Provide a detailed statement of the Individualized Education Program services developed for the student and the expected cost of each service (detailed statement should include all evaluations/consultations/services provided through the IEP).
Provide a statement of financial impact on the entire local education agency if this grant is not approved.

The following additional items must be submitted with this application for it to be considered complete:

- Current IEP
- Current Eligibility Report
- Other Supporting Student Documentation
  - Most Recent Detailed Expenditure Reports Showing Budgeted and Actual Year-to-Date Expenditures
  - Copies of All Contracts and Invoices that Pertain to the Student with High Needs
Introduction
There are approximately 84,280 public school students receiving special education services in the state of Alabama. The school system or local education agency (LEA) typically have multiple students that are classified as a “high-needs” student. The LEA expenditures for a high-needs student can exceed multiple times that of a general education student. Special education students with high-cost needs are not evenly distributed throughout the state. The uneven distribution of high-needs students generates an excessive expenditure demand for certain LEAs.

The Individuals with Disabilities Education Act (IDEA) grants 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 high-needs students with disabilities (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 HCF. 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 HCF. The impact of the HCF on student services and placement may be monitored by the ALSDE.

High Cost Fund Program Effective: Fiscal Year 2017

Purpose:
The HCF Grant is intended to provide additional funding for LEAs in the provision of direct special education and related services to these “high-needs students with disabilities” by reducing the financial impact associated with providing direct special education and related services for high-cost students with disabilities.

Definition of a High-Needs Child with a Disability:
“A high-needs child with a disability as classified under IDEA and receives special education and related services identified in an Individualized Education Program (IEP) that exceed 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 exceed three times the average per-pupil expenditure, an LEA may request a HCF grant. Only costs identified in the student’s IEP and 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 Individualized Education Program (IEP).
4. Is enrolled within the LEA requesting funds and receives special education and related educational services in that LEA’s public school.
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 HCF grant on behalf of any student, ages 3-21, with a current Individualized Education Program (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. The average per-pupil expenditure is $9,098. The LEA can apply for the grant if the cost to educate the student exceeds $27,294.

An LEA must also meet the following additional criteria to receive a HCF grant:
1. Submission of properly completed HCF grant application (provided by Office of Learning Support, Special Education Services) within the established annual timeline.
2. The LEA must not have lapsed IDEA Part B formula funds from the second previous fiscal year.
3. The LEA must not have carried forward 60% or more of its IDEA Part B formula funds from the previous year.
4. The LEA has an approved application for federal special education funds for the current year in the electronic Grant Application Process (eGAP) 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 HCF grant must adhere to the following regarding use of funds:
1. The LEA may not use the HCF grant to limit or place conditions on the rights of a child with a disability to receive a FAPE.
2. The LEA may not use the HCF grant for placements that are determined inconsistent with 34 CFR §300.114-118.
3. All cost items documented in the HCF Eligibility Application must be clearly identified in the student’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

5. The HCF is used only to provide the services documented in the HCF grant application for a specific high-needs student.
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 high-need student or prorated for the high-need student 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 student (invoices and payment records for all expenditures, a copy of a contract for services, etc.).
9. When applicable, eligible LEAs may receive discretionary residential funds to assist with the costs of children with disabilities who are served in residential care and treatment facilities; therefore, the HCF grant disbursements are limited to a portion of the LEA’s 25% residential amount set aside for a specific high-needs student.
10. 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.

11. 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 for all HCF 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-need student. The LEA must also submit any supporting documents including the current IEP and eligibility report. The ALSDE may require additional evidence for any expenditure, such as paid invoices or other documentation, for items included in the application for services.

**HCF Grant Awards Status Timelines, Procedures, and Notification:**

The procedural timeline for the HCF grants are as follows:

1. The HCF Plan will post to the ALSDE Web site and will include the requirements for meeting the established criteria for filing 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, but must not exceed two percent of the October snapshot count 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 HCF grant in August. The ending date for submission is at the close of the business day on March 1 of each fiscal year. Applications will be reviewed and awards provided based on the following timelines. **Additional application review dates if funds remain in the HCF grant after the initial application review and LEA notifications.**

<table>
<thead>
<tr>
<th>Application Submission Deadlines</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 15</td>
</tr>
<tr>
<td><strong>January 15</strong></td>
</tr>
<tr>
<td><strong>March 1</strong></td>
</tr>
</tbody>
</table>

LEA Notification of Award Status will be provided within 60 days after the application submission deadline.

4. The HCF grant cannot be used for expenses incurred for the high-needs student in prior years.

5. All applications received 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 student related to occurrence, intensity of, and diversity of services are in excess of the typical high-needs student with a disability. The documentation of prior interventions and resources targeted to meet the provision of FAPE for the high-needs student included in the HCF 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 HCF 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 HCF grant funds.

7. The HCF grant funds do not carry over and must be expended or encumbered before September 30. These funds revert on October 1 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 a denial of services to students with disabilities in the LEA, consideration for immediate review of the application may be made. In this case, the application should be submitted with a letter addressed to the Coordinator of Special Education Services documenting the need for immediate attention and funding.

9. If HCF grant awards exceed funds available, the ALSDE will prorate the amount paid to the claimants filing claims. Any amount of funds set aside that are not claimed by September 30 shall be passed through the ALSDE as an increase to their Part B allocation.

Procedures for Awarding HCF Grant Awards:

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

<table>
<thead>
<tr>
<th>Considerations related to the student:</th>
<th>Considerations related to the LEA:</th>
</tr>
</thead>
<tbody>
<tr>
<td>o The LEA plan maintains the child in the community.</td>
<td>o LEAs that have an excessive number of students with disabilities whose special education and related cost in excess of $27,294.</td>
</tr>
<tr>
<td>o A child who is a ward of the state.</td>
<td>o The LEAs carryover amount from the prior fiscal year.</td>
</tr>
<tr>
<td>o A child who attends a state school excluding any residential expense.</td>
<td>o LEAs sharing resources to provide for multiple high-needs children when the cost for each LEA exceeds $27,294. A description of this collaboration should be included in the plan for the student.</td>
</tr>
<tr>
<td></td>
<td>o If the cost of providing FAPE to the student 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 students.</td>
</tr>
</tbody>
</table>

Distribution of HCF Grant Funds:
- A grant award notification will be sent to the LEA after approval of the application.
- A detailed budget matrix will be required to be completed and submitted.
- The HCF grant award funds must be budgeted systemwide using revenue and fund source code 3213-IDEA High Cost Fund.

Please complete and return the HCF Grant Award Application and supporting documentation to:

**Alabama State Department of Education**
Office of Learning Support
Special Education Services
Attention: Fiscal Section
50 North Ripley Street
Montgomery, AL 36104-3833

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