



# American Rescue Plan (ARP) Funds and the IDEA Grants

Candice Trainor  
ESS Program Management

July 15, 2022

# Purpose of IDEA Part B Grants

To assist non-profit public education agencies (PEAs) in assuring that all children with disabilities (ages 3-21) have available to them a free appropriate public education (FAPE) that emphasizes special education and related services designed to meet their unique needs.

The funds under Part B may be used for the **excess cost** of providing special education and related services.

# IDEA Part B funds in Arizona

## IDEA Basic

- Serves students ages 3-21
- Section 611 of the IDEA
- Approximately \$200 Million in FY22
- 640 PEAs

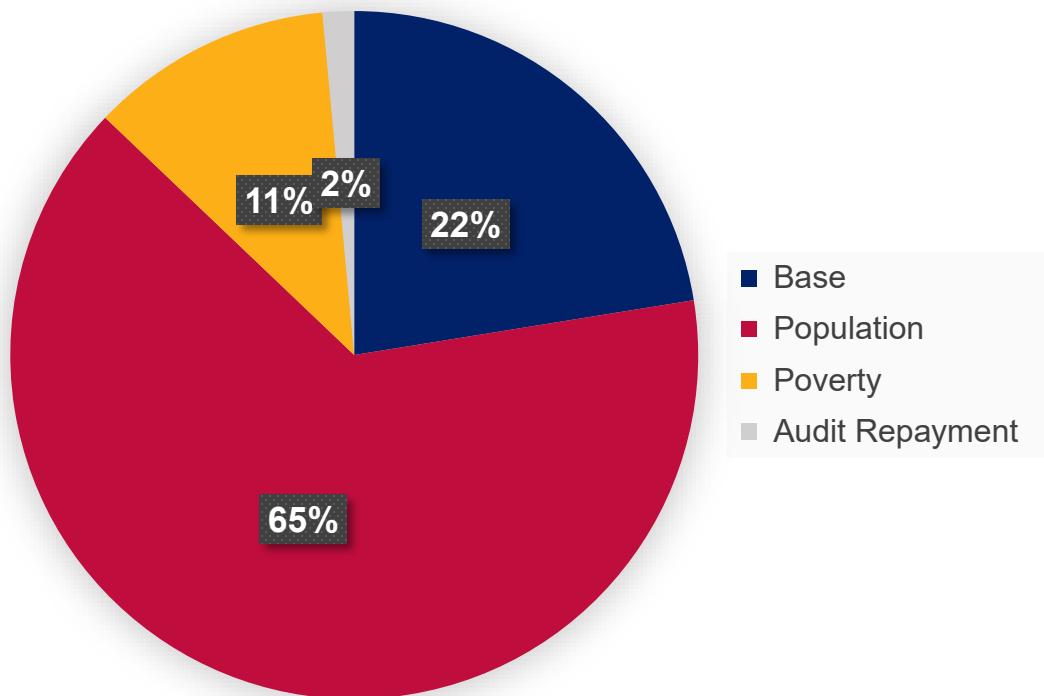
## IDEA Preschool

- Serves children ages 3-5
- Section 619 of the IDEA
- Approximately \$5 Million in FY22
- 440 PEAs
  - Charter schools that offer kindergarten programs may be eligible for the Preschool grant

# IDEA Basic FY2021

638 Public Education Agencies

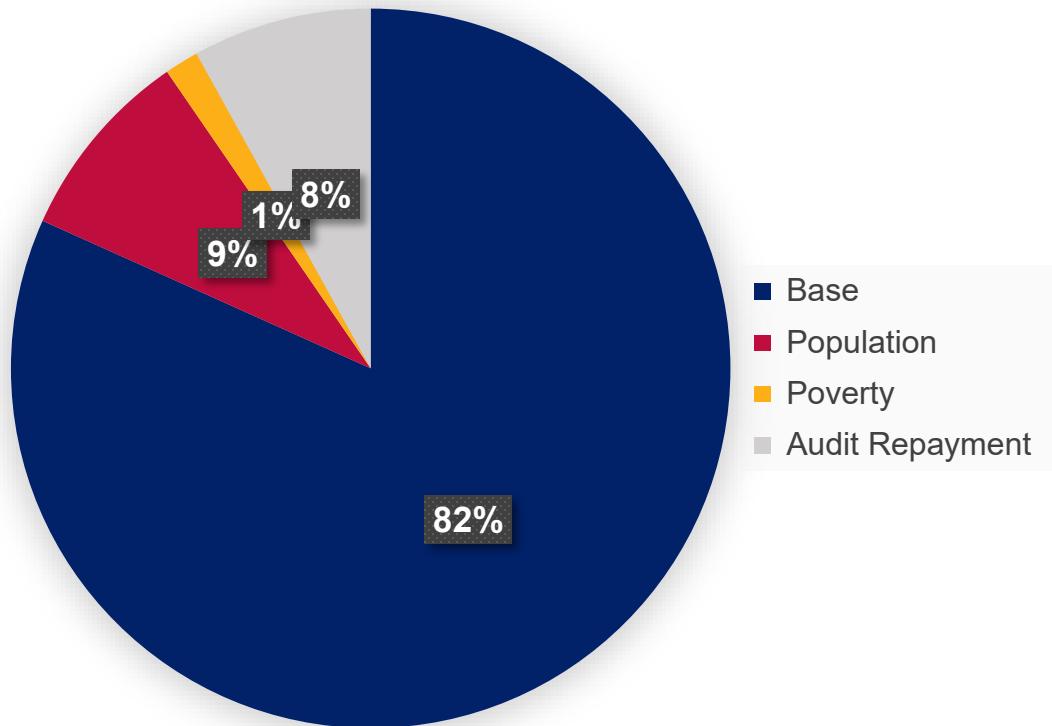
Base:	\$ 45,947,295.00
Population:	\$ 132,330,442.90
Poverty:	\$ 23,352,431.10
Audit Repayment:	\$ 3,013,029.29
Total:	\$ 204,643,198.29



# IDEA Preschool FY2021

444 Public Education Agencies

Base:	\$3,756,686.00
Population:	\$ 399,766.90
Poverty:	\$ 70,547.10
Audit Repayment:	\$ 369,690.89
Total:	\$4,596,690.89



# American Rescue Plan (ARP) Funds

## **Section 2014 of the American Rescue Plan Act of 2021 and the Individuals with Disabilities Education Act**

Parts B and Part C of the IDEA authorize assistance to States to support the provision of special education and related services to children with disabilities and the provision of coordination of early intervention services for infants and toddlers with disabilities and their families, respectively.

Allocation	Federal	Arizona
IDEA Part B Grants to States (Section 611, ages 3-21)	\$2,580,000,000	\$45,663,432
IDEA Part B Grants to States (Section 611, ages 3-5)	\$200,000,000	\$2,946,794
IDEA Part C Grants for Infants and Families (AzEIP, ages 0-3)	\$250,000,000	\$4,372,627



# How does the influx of ARP funds impact Arizona?

<b>Arizona – Federal Award</b>	<b>FFY20 Actual (SFY21)</b>	<b>FFY21 Estimate (SFY22)</b>
Part B Section 611	\$225,997,627	\$278,357,322
Part B Section 619	\$5,677,740	\$8,694,552

<b>Arizona – IDEA Consolidated-Entitlement Grant</b>	<b>FY2021</b>	<b>FY2022 (IDEA + ARP)</b>
Part B Section 611	\$204,643,198	\$250,306,630
Part B Section 619	\$4,596,691	\$7,543,485

# How will PEAs apply for ARP funds?

Via new consolidated funding application for ARP IDEA Basic and ARP IDEA Preschool funds.

- ARP Act funds are IDEA funds
- All requirements for use of IDEA funds apply
- ARP Act funds are subject to MOE Eligibility requirements
- All ARP Act IDEA funds must be obligated by September 30, 2023, and expended by January 28, 2024
- All ARP Act IDEA funds will have separate CFDA #'s:
  - Section 611: 84.027X
  - Section 619: 84.173X

# How does ARP interact with other federal relief funds?

		FY20	FY21		FY22		FY23		FY24		FY25	
		March 13 2020	July 2020	September 2020	July 2021	September 2021	July 2022	September 2022	July 2023	September 2023	July 2024	September 2024
Federal Entitlement Funds	FY20 ESSA/IDEA/Perkins											
	FY21 ESSA/IDEA/Perkins					Carryover of FY21						
	FY22 ESSA/IDEA/Perkins							Carryover of FY22				
	FY23 ESSA/IDEA/Perkins											
	FY24 ESSA/IDEA/Perkins											
	FY25 ESSA/IDEA/Perkins											
COVID-19 Federal Recovery Funds	ARP ACT IDEA						Carryover of FY22					
	CARES Act Coronavirus Relief Fund (CRF)					12/31/2021						
	ESSER I											
	Acceleration Academies (GEER I)											
	ESSER II											
	ESSER III											

# Are ARP funds subject to proportionate share and CCEIS calculations?

Yes.

As ARP funds are considered IDEA funds, any increase to an overall allocation to IDEA will require an increase to the amount that must be obligated for proportionate share and comprehensive coordinated early intervening services (CCEIS).

The allocation workbook will be updated on the ESS Program Management website soon.

# Excess Cost Requirements

For a particular cost to be allowed, it must be an excess cost of providing special education and related services. Only allowed costs may be charged to the flow-through or preschool entitlement grants.

# Excess Cost Requirements (continued)

## Allowable Costs Under the IDEA guide

When determining whether a budget item does not supplant those funds, ask the following guiding questions:

In the **absence of special education needs**, would this cost exist?

*If the answer is...*

- No, then the cost is an excess cost and may be eligible.
- Yes, then the cost is not an excess cost and is not allowed.

Is this cost **also generated by students without disabilities**?

*If the answer is...*

- No, then the cost is an excess cost and may be eligible.
- Yes, then the cost is not an excess cost and is not allowed.

If it is a child-specific service, **is the service documented in the student's IEP?**

*If the answer is...*

- Yes, then the cost is an excess cost and may be eligible.
- No, then the cost is not an excess cost and is not allowed.



# Reminders and Considerations

- Consider sustainability
- Consider focus on challenges from the Pandemic
  - School re-entry
  - Disruption in the education of children with disabilities
  - Mental Health Services
- Consider focus on issue of equity of special education and early intervention services

# What may PEAs spend ARP funds on?

- Personnel, employed by PEA or Contracted vendors
- Professional Development
- Technology purchases

# Allowable Adjustment to Local Fiscal Efforts (MOE Reduction)

There is an opportunity for PEAs to reduce state/local expenditures when there is an increase to the federal allocation.

The additional 20% for IDEA Basic and 50% for IDEA Preschool from ARP Act funds present an opportunity for PEAs to budget less in state/local expenditures in FY2022.

Some conditions apply.

# 34 CFR § 300.205 - Adjustment to local fiscal efforts in certain fiscal years

- (a) Amounts in excess. Notwithstanding § 300.202(a)(2) and (b) and § 300.203(b), and except as provided in paragraph (d) of this section and § 300.230(e)(2), for any fiscal year for which the allocation received by an LEA under § 300.705 exceeds the amount the LEA received for the previous fiscal year, the LEA may reduce the level of expenditures otherwise required by § 300.203(b) by not more than 50 percent of the amount of that excess.
- (b) Use of amounts to carry out activities under ESEA. If an LEA exercises the authority under paragraph (a) of this section, the LEA must use an amount of local funds equal to the reduction in expenditures under paragraph (a) of this section to carry out activities that could be supported with funds under the ESEA regardless of whether the LEA is using funds under the ESEA for those activities.



# 34 CFR § 300.205 - Adjustment to local fiscal efforts in certain fiscal years (continued)

(c) State prohibition. Notwithstanding paragraph (a) of this section, if an SEA determines that an LEA is unable to establish and maintain programs of FAPE that meet the requirements of section 613(a) of the Act and this part or the SEA has taken action against the LEA under section 616 of the Act and subpart F of these regulations, the SEA must prohibit the LEA from reducing the level of expenditures under paragraph (a) of this section for that fiscal year.

(d) Special rule. The amount of funds expended by an LEA for early intervening services under § 300.226 shall count toward the maximum amount of expenditures that the LEA may reduce under paragraph (a) of this section.



# Example of MOE Reduction in Compliance Test

FY 2020 Allocation	100647.10	15% CEIS Cap	15227.25	Available for Reduction	15227.25
FY 2019 Allocation	49064.17	CEIS Expenditure	0.00		
50% increase IDEA fund	25791.47				
Requested Reduction	15227.25				

In November 2021, when the full allocations are published for FY22 IDEA and FY22 ARP IDEA, the ESS Program Management team will host a webinar on how to calculate the maximum amount a PEA may reduce spending at state/local level.



# Example of calculation

Name	Proportionate Share Obligation - 611		Proportionate Share Obligation - 619		Maximum Amount that can be used for CEIS (15%)
	Total Allocation to PEA	Placed Private School Students	Total Allocation to PEA	Placed Private School Students	
XYZ School District FY21	\$ 2,468,302.68	\$ 12,833.46	\$ 111,883.42	\$ -	\$ 387,027.92
<b>XYZ School District FY22</b>	<b>\$ 2,961,963.22</b>	<b>\$ 18,067.98</b>	<b>\$ 167,825.13</b>	<b>\$ 2,064.25</b>	<b>\$ 469,468.25</b>
Increase in allocation from FY21 to FY22	\$ 493,660.54		\$ 55,941.71		
Maxmimum reduction = \$274,801.12	\$ 246,830.27		\$ 27,970.86	\$ 274,801.12	\$ 274,801.12

This PEA could reduce state/federal spending by up to \$274,801.12 in FY2022 if they are determined eligible to take the allowable adjustment to local fiscal efforts.

The proportionate share amounts for 611 and 619 are dependent on calculations using October 1 data collection and these percentages change from year to year.

# What may the PEA do with reduced state/local funds?

*(b) Use of amounts to carry out activities under ESEA. If an LEA exercises the authority under paragraph (a) of this section, the LEA must use an amount of local funds equal to the reduction in expenditures under paragraph (a) of this section to carry out activities that could be supported with funds under the ESEA regardless of whether the LEA is using funds under the ESEA for those activities.*

The reduced SPED200 expenditures must be spent and tracked according to 34 CFR 300.205(b).

The PEA must spend funds on activities that align with the ESEA. \*ESS Program Management will provide a workbook for you to track expenditures.



# Which PEAs may not take advantage of the reduction?

- PEAs that do not receive Meets Requirements for FFY20 PEA Determinations
- PEAs that are flagged for Significant Disproportionality in FFY20

ESS Operations team will notify PEAs of these flags in Fall 2021.

# Next Steps

- Review IDEA and ARP Allocations –  
<http://bit.ly/FY2022PS>
- Ensure your FY22 IDEA Consolidated-Entitlement Grant is approved by SEA Director
- Fix any MOE Eligibility issues
- Meet with PEA team to plan for ARP funds
- Determine whether the PEA will plan to take allowable adjustment to local fiscal efforts for FY22 (March 2023 Compliance Test)



# Contact Us

ESS Program Management web page:

<http://www.azed.gov/specialeducation/operations>

Phone number: 602-542-3398

ESS Program Management email:

[essprogmgmt@azed.gov](mailto:essprogmgmt@azed.gov)