



IDEA-B

FUNDING REFERENCE MANUAL

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INTRODUCTION

The United States first enacted federal legislation supporting the education of the disabled in 1975. Called the Education for All Handicapped Children Act, Public Law (P.L.) 94–142 authorized federal grants to support states and local educational agencies (LEAs) in protecting the rights of, meeting the individual needs of, and improving the results for infants, toddlers, children, and youth with disabilities and their families. In its 1990 reauthorization, the law was renamed the Individuals with Disabilities Education Act (IDEA).

This document describes how TEA allocates IDEA, Part B (IDEA-B) funds to LEAs. Such allocations are made in accordance with the authorizing statute and Title 34 of the Code of Federal Regulations (34 CFR) Part 300. Specifically, this document focuses on allocations for two federal grant programs included in TEA’s eGrants Special Education Consolidated Grant Application (Federal):

- **IDEA-B Formula:** Also called section 611 grants, these funds are designed to support special education and related services for children ages 3–21.
- **IDEA-B Preschool:** Also called section 619 grants, these funds are designed to support special education and related services for children ages 3–5.

IDEA-B FORMULA AND IDEA-B PRESCHOOL GRANTS

The 1997 reauthorization of IDEA changed the method for calculating and distributing subgrants to LEAs. Instead of basing the amount on the number of children with disabilities, the new method provided the following:

- A “frozen” base payment
- Amounts determined by population and poverty measures

For IDEA-B Formula grants, the revised formula went into effect in federal fiscal year (FFY) 1999 (state fiscal year [SFY] 2000). For IDEA-B Preschool, the revised formula went into effect in FFY 1997 (SFY 1998).

Base Payments

Base payments are calculated differently for IDEA-B Formula and IDEA-B Preschool grant programs.

In both cases, the individual LEA base payment amounts remain the same from year to year unless adjustments are required.

Even if LEA base payment amounts are adjusted, the total statewide base payment amounts for the two grant programs remain the same. For Texas, the total statewide base payment amounts are as follows:

- IDEA-B Formula: \$252,423,854
- IDEA-B preschool: \$16,012,434

IDEA-B Formula

An LEA's IDEA-B Formula base payment is the amount that the LEA would have received if TEA had distributed 75% of the state's FFY 1999 (SFY 2000) IDEA-B Formula grant, using the LEA's 1998 count of children with disabilities ages 3–21.

IDEA-B Preschool

An LEA's IDEA-B Preschool base payment is the amount that the LEA would have received if TEA had distributed 75% of the state's FFY 1997 (SFY 1998) IDEA-B Preschool grant, using the LEA's 1996 count of children with disabilities ages 3–5.

Base Payment Adjustments Overview

TEA is required to recalculate base payments for IDEA-B Formula and IDEA-B Preschool when any of the following events occur:

- A new LEA, including a new charter school LEA, is created.
- Two or more LEAs combine into a new, single LEA.
- Two or more LEAs change geographic boundaries or administrative responsibility for providing services to children ages 3–21 for IDEA-B Formula, or to children ages 3–5 for IDEA-B Preschool (including the scenario resulting from one or more LEAs closing).
- An LEA that had a base payment of \$0 in its first year of operation (because it did not serve children with disabilities) now serves children with disabilities.
- A charter school LEA significantly expands its enrollment.

See the Base Payment Adjustments Detail section of this document for additional details.

Population and Poverty

After the "frozen" base payment amount is distributed to LEAs, any remaining funds are allocated in two phases, as follows:

- 85% of any remaining funds are allocated according to the relative populations of children ages 3–21 (IDEA-B Formula) or ages 3–5 (IDEA-B Preschool) enrolled in public schools and private nonprofit (PNP) special education students served within the agency's jurisdiction.
- 15% of any remaining funds are distributed according to their relative numbers of children ages 3–21 (IDEA-B Formula) or ages 3–5 (IDEA-B Preschool) living in poverty.

It is important to note that population and poverty calculations are determined by the total enrollment of children in public schools rather than enrollment figures of children with disabilities.

Two data sources used to distribute populating and poverty funding for both grants and to perform LEA base amount adjustments are:

- The annual Texas Student Data System (TSDS) Public Education Information Management System (PEIMS) fall data collection
- The eGrants PS3502–Private Nonprofit Schools Participation schedule in the Special Education Consolidated Grant Application (Federal)

Base Payment Adjustments Detail

In April 2018, the US Department of Education provided guidance to states on two allowable base payment adjustment methods:

- Method A–Individual Adjustment
- Method B–Group Adjustment

TEA uses the Method B–Group Adjustment model. In Texas, charter school LEAs draw their student enrollments from one or more traditional school districts (district LEAs). As a result, charter LEAs can have campuses scattered throughout the state impacting numerous school districts, making the group adjustment method more practical.

When Texas first implemented Method B, the first step was to create LEA groupings. Each grouping centered upon a district LEA and featured a fixed, state-defined geographic boundary. The total base payment for each group is divided proportionally among the district LEA, charter LEAs, and special state LEAs, according to the number of special education students served reported in TSDS PEIMS that reside within the district LEA's boundaries.

Although the total base payment for the group of LEAs remains static, it is redistributed whenever a base payment adjustment event occurs. The five adjustment events listed in the Base Payment Adjustment Overview section are grouped into three categories, according to the type of adjustment methodology required, as follows:

1. **Two or more LEAs are combined into a single LEA, or two or more LEAs' geographic boundaries change.** This event is treated as an LEA merger/consolidation event. In the year that it occurs and/or becomes effective, student counts and resulting funding amounts are combined into the surviving LEA.
2. **The LEA received a base payment of \$0 in its first year of operation.** This event, \$0 Base Payment Adjustment, occurs the first time that existing LEAs report serving special education students (ages 3–21 for IDEA-B Formula or ages 3–5 for IDEA-B Preschool) in the TSDS PEIMS fall data collection. These LEAs do not have an existing base amount, thus base amounts are established for these LEAs by the following means:
 - a. Extracting total current year reported TSDS PEIMS ages 3–21 (IDEA-B Formula) and ages 3–5 (IDEA-B Preschool) special education student counts
 - b. Creating statewide IDEA-B Formula and IDEA-B Preschool per-pupil amounts by dividing the state total base payment received for each grant by the total special education count extracted for the applicable age group
 - c. Calculating a base payment amount by multiplying the LEA's reported special education counts times the applicable state-wide per-pupil amount
 - d. Ratably reducing all LEA base payment amounts to match, in total, the state total base payment amount received

3. **IDEA-B base payments are adjusted for new and significant expansion charter LEAs.**

When performing required base payment adjustments for new and significant expansion charter LEAs, the formula will do the following:

- a. Create district group base payments and associated special education served student count tables using both:
 - i. Existing district base payments and TSDS PEIMS special education students served, and
 - ii. Existing charter base payments proportionately allocated to district groups determined by TSDS PEIMS special education students served and the students' TSDS PEIMS reported campus of residence.
- b. Insert or replace charter LEA TSDS PEIMS campus of residence student aggregates in the formula with residing school district data collected via the eGrants SC5050–LEA Enrollment Data Request (SC5050).
- c. Redistribute the total group base payment amount within each group determined by the updated groups' current special education coded student counts.
- d. Aggregate charter LEAs' base payments and special education served student counts from each group to create a new or updated base payment amount and special education student count for the charter LEA.

IDEA-B FORMULA AND IDEA PRESCHOOL ALLOCATION SCHEDULE

IDEA funds are allocated in two phases: planning amounts and final amounts.

Planning Amounts

Planning amounts are estimates of LEA IDEA entitlements released for LEA budget planning purposes. They are typically released in April or May. TEA typically withholds the lesser of 3.0% or \$300,000 from each LEA's projected final allocation.

When additional student data is received from new and significant expansion charter school LEAs, LEA entitlements are recalculated. For most LEAs, the 3.0% / \$300,000 reservation of funding is adequate to cover changes resulting from the recalculation of LEA entitlements and statutory adjustments. **An LEA may still see a decrease in final funding when final amounts are calculated and released in the fall.**

Final Amounts

New and significant expansion charter school LEAs have until November 1 to submit and certify actual enrollment data through the SC5050. For that reason, the final calculation of formula grant amounts for funds in any given grant year begins after that date.

The amount determined in the final calculation becomes each LEA's final amount for the grant funding period. The final amount is recalculated only if USDE determines that a significant event occurred requiring a recalculation and release of updated formula funding to states.

For new and significant expansion charter school LEAs that submit and certify their SC5050 enrollment data after November 1 and prior to February 1, eligible gross allocations and allocation adjustments to impacted district LEAs are calculated. These allocation adjustments will be included when formulas begin calculating new funding amounts from the next fiscal year appropriation.

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