ARTICLE

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FUNDING FOR HIGH-COST STUDENT$

In order for school districts to maximize reimbursement for high-cost students with disabilities, it is important to have a thorough understanding of the eligibility, claim and reimbursement processes for students with disabilities.

In August of 2004, Public Act 93-1022 changed the distribution method for funding high-cost students who were previously claimed under Extraordinary Reimbursement Section 14-7.02a. Beginning with the 2004-05 school year, this new law funds students who are considered 'high cost' through Section 105 ILCS 5/14-7.02b of the Illinois Compiled Statutes, Funding for Students with Excess Cost. This statute "provides tuition reimbursement for students placed in Illinois public school programs whose educational costs exceed four district per capita tuition charges. The difference between the actual student cost and the four district per capita tuition charges will be reimbursed from unexpended federal room and board funds."[1]

Highlighted in this article are important steps districts should take to maximize funding for high-cost students.

[1]Students with Disabilities Data Collection and Approval Instructions 2019-20 School Year. Retrieved February 1, 2020, from https://www.isbe.net/Documents/34-30_sped_facts.pdf

BACKGROUND

All students receiving special education services on December 1 are reported to the Illinois State Board of Education (ISBE) through the IEP Student Tracking and Reporting System (I-Star). I-Star is ISBE's Web Application Security (IWAS) that enables districts/special education cooperatives to input, manage and approve data for students with disabilities. The student data collected in I-Star serves as the approval process for students with disabilities who are claimed for reimbursement under the School Code for private tuition, orphanage, special transportation and students identified as Excess Cost. Information for every student must be entered and approved in I-Star before funding can be claimed. Collaboration between district special education and business departments is critical to ensure that all potential Excess Cost students are accurately identified in I-Star and that data collection, claim and reimbursement timelines are met. In order to ensure your district's opportunity to maximize reimbursement for high-cost students, pay close attention to December 1st Child Count I-Star reporting timelines found in the Students With Disabilities, Data Collection and Approval Instructions, which can be found on ISBE's website.

STUDENT ELIGIBILITY

To be eligible for funding, potential Excess Cost students must be coded correctly in I-Star. These students are identified for funding using fund codes which identify the category of reimbursement the student is eligible for. Below are important tips to remember in the eligibility process.

- Eligible students must be enrolled, have an appropriately developed IEP and be receiving special education and related services.
- Fund codes "X" and "J" have been designated to identify students as Excess Cost who are placed in Illinois public school programs and whose educational costs exceed four district per capita tuition charges.
    - » If you are in doubt about the potential eligibility of a student, transmit the student approval record with an Excess Cost fund code of "X" or "J" to be safe; there are no consequences if the student is not eligible.
    - » You can add or change the fund code for Excess Cost students until July 15.
- The following are some general guidelines that you may use to help determine whether a student may qualify for Excess Cost:
    1. Students whose costs were over three per capita tuition charges last year; or
    2. Students with related services such as individual aides, interpreters, nurses, special equipment or contractual services.
- Even if a student was in an approved program for only for part of the school year, be sure they are entered into the I-Star system.

CLAIM PROCESS

All special education students claimed for Excess Cost reimbursement must have costs computed in accordance with Part 130 Special Education Per Capita Tuition administrative rules. Below is the data required to complete the claim process.

- Students will be claimed by entering the following required information into the I-Star system:
    - » Days in session (total number of days in program for the full school year)
    - » Days enrolled (days student attended program)
    - » 1.0 ADE (full time equivalent) education cost
    - » 20 percent transportation cost (if applicable)
- Claims for Excess Cost students are due in I-Star by July 15, 2020 (the ISBE planning calendar should be consulted for confirmation).
- Final calculations will be determined and reimbursement will be vouchered no later than September 30.

REIMBURSEMENT

Excess Cost reimbursement is distributed annually from unused federal IDEA Room and Board funds. Some important items to remember regarding reimbursement for high-cost students include:

- Reimbursement will be prorated if Excess Cost claims exceed the unused amount of federal IDEA Room and Board funds.
- Reimbursement is calculated based on the actual student cost, including 20 percent transportation if applicable, less four times the district's per capita tuition charges.
- All supporting documentation for the claim must be retained by the district or cooperative.
- Reimbursement and payment schedule information can be viewed in ISBE's Financial Reimbursement Information System (FRIS) under revenue code 4625, sub-project code XC.

MOVING FORWARD

The new Evidence-Based Funding (EBF) Model enacted in 2017 was a landmark change in the method of funding schools in Illinois. It did an exceptional job at providing a more equitable funding system for school districts across the state and took into account the funding needs of the majority of students with disabilities. While the Illinois School Funding Reform Commission (ISFRC) indicated that "the funding of the majority of the special education students will be incorporated into the elements of the integrated formula," the formula did not address the funding needs of high-cost students with disabilities throughout the state.

The current system of funding high-cost students through unused IDEA Room and board dollars has proven to be an inconsistent source of funding since the change in the distribution method in 2004, with reimbursement proration rates ranging from zero percent to 39.5 percent. Due to the historically low reimbursement rates, it seems that the number of high-cost students across the state is underreported. From the 2011-12 school year to the 2019-20 school year, the number of districts completing the Excess Cost claim has decreased by 31 percent. While there may be other factors contributing to this decrease, we are confident the low reimbursement rate is one of the factors.

Initiatives to pass legislation to establish a more equitable method of funding for high-cost students have been proposed without success. Therefore, it is important to identify potential students whose costs will exceed four times a district's per capita costs as fund code "X" students in order to better illustrate the number of high-cost students throughout the state to support future funding reform efforts.

Example Excess Cost Reimbursement

Student Cost

- **Student 1.0 ADE Cost $60,000**
- **20 percent Transportation Cost $4,000**
- **Total Student Cost $64,000**

Reimbursement Formula

- **District Per Capita Tuition $12,000**
- **Eligibility Threshold (4 X's District Per Capita) $48,000**
- **Total Cost Less Per Capita $64,000 – $48,000**
- **Eligible Reimbursement $16,000**
- **FY 2019 Proration 37.2 percent**
- **Prorated Reimbursement $5,952**

In this example, if the total student cost was $48,000 or less, there would be no reimbursement.

Useful Resources:

- **Harrisburg Project I-Star Fund X Claims**
- **Students with Disabilities, Data Collection and Approval**

General Instructions

- **Students with Disabilities, Claim and Reimbursement Instructions**
- **ISBE Form 50-66A, Special Education Tuition Cost Sheet**
- **ISBE Forms 50-66BL and 50-66BP, Special Education Documentation Sheet**
- **ISBE Form 50-66C, Special Education Tuition Bill and Claim Computation**
- **ISBE Form 50-66D, Special Education Depreciation Schedule**