



State of Arizona Department of Education



Date: February 14, 2019

To: Public Education Agency Special Education Directors

From: Exceptional Student Services
Arizona Department of Education

Subject: Fiscal Year 2019 IDEA High Cost/Risk Child Funding

Amendments adopted in the 2004 reauthorization of the Individuals with Disabilities Education Act (IDEA) allow states to use 10% of their Part B funds reserved for state-level activities to establish and make disbursements from a high-cost fund to public education agencies (PEA). Any state that wants to use Part B funds to support a local risk pool needs to follow IDEA provisions for risk pools, including the following requirements:

- Define a high-need child with a disability as a child for which the cost of providing special education and related services is greater than 3 times the APPE (average per pupil expenditure) in the state;
- Develop a state plan establishing eligibility criteria for PEAs to participate in the risk pool system that takes into account the number and percentage of high-need children with disabilities served by an PEA; and
- Allow PEAs to only use disbursements from risk pools to provide direct services outlined in the individualized education programs (IEPs) of high-cost children with disabilities.

To meet these requirements, ESS has established the following criteria as part of identifying high-need children with disabilities served by a PEA:

- Claims for payments are now issued through a framework comparable to educational vouchers (ESS Vouchers application) to ensure that IEPs (as supporting documentation) are submitted for each child claimed.
 - Reimbursement for claims no longer flows through a grant to PEAs inside of Grants Management.
- High-need children with a disability are narrowed down to students with disabilities identified with at least one of the following needs; as such, the following identified disabilities will get priority of approval:
 - Hearing or Visual Impairment
 - Severe Intellectual Disability
 - Moderate Intellectual Disability
 - Traumatic Brain Injury

- Multiple Disabilities (including Severe Sensory Impairment)
 - Orthopedic Impairment
 - Preschool Severe Delay
- A portion of funds will be dedicated to secure care facilities (state adult and juvenile corrections; county jails and juvenile detention centers) to target at-risk, high-cost students. The portion of these funds will be revised each year, dependent upon need.
- The average per pupil expenditure for Arizona was \$8,035 (NCES FY16), so for a high cost claim to be valid, the amount of expenditures must show the intent of the child costing more than \$24,105 in the year. The expenditures can be calculated from a time frame representative of a full year of services (e.g., a monthly statement proving that a student cost in direct services exceeded \$3,000 per month with evidence showing consistency for the remainder of the year).
- These funds can be used to lower the obligation of state expenditures from the IDEA Maintenance of Effort. More information can be found when documentation for the IDEA Maintenance of Effort testing is finalized.

The application is on track to open by the mid-March 2019. Approval or disapproval to use high cost funds does not change or remove the obligation of the PEA to provide free appropriate public education (FAPE) to students with disabilities. PEAs are encouraged to have contingency plans in place, in case the funds are either depleted, reduced, or removed in future years.

Since the application will no longer lead to a grant, basic instructions will be available in the claim system for students that PEAs feel meet the criteria of a high cost/risk student. Students who meet the financial requirement but are not eligible in the disabilities categories described above must wait a minimum of two weeks before being processed so that claims with priority can be reviewed and processed. PEAs can submit claims for a date range of services for a student or for the whole year; this is up to the discretion of the PEA. *ESS can also place limitations on how much can be claimed for a particular student(s) or an entity to ensure it is addressing high cost students equitably.* **The primary focus of these funds is to reimburse direct services for the eligible students and remove some or all the burden from a PEA.** More detailed instructions will be provided on the ESS Program Management website before the system opens.

Instructions on how to access the application and file a claim will be provided in early March 2019, prior to the application opening. The claim system is using an educational voucher framework and the systems will be familiar to PEA staff who also process voucher claims.

For any questions or concerns, please contact ESS Program Management at essprogmgmt@azed.gov.