



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

December 18, 2001

Honorable Charles F. Bass  
House of Representatives  
Washington, D.C. 20515-2901

Dear Representative Bass:

This letter is in response to your inquiry on behalf of your constituent, X. X contacted you with questions regarding the funding formulas under sections 611 (Assistance to States) and 619 (Preschool Grants) of Part B of the Individuals with Disabilities Education Act (IDEA). X is concerned that the formulas do not take into consideration growth in the number of children provided a free appropriate public education by the X School District. X points out that funding for the Preschool Grant program is based on their December 1, 1996 child count and funding for the Assistance to States program is based on their December 1, 1998 child count. As a result, awards under both programs do not increase proportionately as the number of preschool and school-aged students with disabilities served in the X School District increases. X inquires if it would be possible to use updated child counts to calculate award amounts to X School District.

Before we respond to X's questions, it is important to note that in the third paragraph of her April 10, 2001 letter to you, she refers to "federal Part C money for preschoolers". Funds under Part C of IDEA are provided to States to maintain and implement an early intervention program for infants and toddlers with disabilities. We assume that X is referring to funds provided under section 619 of Part B of IDEA to assist States in providing special education and related services to preschool children with disabilities.

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The IDEA Amendments of 1997 (IDEA 97) made significant changes in how funds under both the Assistance to States and Preschool Grants program are distributed to States and local educational agencies (LEAs) in order to address the overidentification of children with disabilities. Prior to the enactment of IDEA 97, the formula for distributing funds to States and LEAs was based on a count of the number of children with disabilities receiving special education and related services on December 1 of the previous fiscal year. The new formula is based on the amount of program funds received in a prior year (the base year), population, and poverty. The new formula for distributing Assistance to States funds to LEAs went into effect with funds that became available on July 1, 2000,

and the new formula for distributing Preschool Grant funds to LEAs went into effect with funds that became available on July 1, 1998.

Under the Assistance to States program, each LEA receives a base allocation consisting of the amount of section 611 funds that the LEA would have received in Federal fiscal year (FFY) 1999 if the State educational agency (SEA) had distributed 75% of its funds to LEAs. 20 U.S.C. §1411(g)(2)(B)(i). The amount the LEA would have received in FFY 1999 is based on the number of children with disabilities receiving special education as of December 1, 1998, or at the State's discretion, the last Friday in October 1998. Under the Preschool Grant program, each LEA receives a base allocation consisting of the amount of section 619 funds the LEA would have received in FFY 1997 if the SEA had distributed 75% of its funds to LEAs. 20 U.S.C. §1419(g)(1)(A). The amount the LEA would have received in FFY 1997 is based on the number of children **ages three through 5** with disabilities receiving special education as of December 1, 1996. The regulations for both programs specify the limited circumstances when adjustments may be made to base payments such as if a new LEA is created or if one or more LEAs are combined. 34 CFR §300.712(b)(2) and 34 CFR §301.31(b). Unless one of these circumstances occurs, the base payment remains the same. Under both programs, 85% of any remaining funds are distributed based on the relative numbers of children enrolled in public and private elementary and secondary schools within the agency's jurisdiction. 20 U.S.C. §§1411(g)(2)(B)(ii)(I) and 1419(g)(1)(B)(i). Fifteen percent of any remaining funds are distributed based on the relative numbers of children living in poverty, as determined by the SEA. 20 U.S.C. §§1411(g)(2)(B)(ii)(II) and 1419(g)(1)(B)(ii).

As you know, because the new formula is based on the statute, it cannot be changed through regulations. We understand X concern that previous child counts do not reflect the current numbers of children with disabilities being served by her school district. As the appropriations for sections 611 and 619 increase, a larger portion of section 611 and section 619 funds will be distributed based on population and poverty, rather than the base payment which is calculated based on a prior year's child count. Finally, the State is permitted to retain certain amounts of its Assistance to States and Preschool Grant funds for administration and other State-level activities. 20 U.S.C. §§1411(f)(1) and 1419(d). The State may choose to distribute funds it has set aside for other State-level activities to LEAs for direct services or other allowable activities specified at 20 U.S.C. §1411(f)(3) and 1419(f). The State may use these funds directly or distribute them to LEAs on a competitive, targeted, or formula basis. 34 CFR §300.370(c). This is a way in which an SEA may provide additional funds to LEAs experiencing the difficulties described in X letter.

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The information in this letter should be of assistance to X with regard to her inquiry about the funding formulas for the Assistance to States and Preschool Grant programs in the IDEA. Please contact my staff member Ms. Nancy Treusch at (202) 205-9097 if you need further assistance with this issue.

Sincerely,

A handwritten signature in cursive script that reads "Patricia J. Guard".

Patricia J. Guard  
Acting Director  
Office of Special Education Programs

cc: Dr. Mary J. Ford, State Director of Special Education  
Mrs. Ruth Littlefield, 619 Coordinator

Enclosures