

# Preschool Inclusion Finance Toolkit Updated 2018

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## Call to Action

The U.S. Department of Health and Human Services and the U.S. Department of Education Policy Statement on Inclusion of Children with Disabilities in Early Childhood Programs, or Joint Policy Statement on Inclusion (2015), outlines actions for states and communities to build partnerships for collaboration and administrative support for high-quality inclusion. Administrative system-level supports and partnerships (including policies, procedures, practices and attitudes) build the infrastructure for inclusion. In 2009, two early childhood professional organizations created the Early Childhood Inclusion joint position statement of the Division for Early Childhood (DEC) and the National Association for the Education of Young Children (NAEYC), a document that has been widely referenced as pivotal for the development of recent federal guidance documents. The DEC NAEYC position states:

Early childhood inclusion embodies the values, policies, and practices that support the right of every infant and young child and his or her family, regardless of ability, to participate in a broad range of activities and contexts as full members of families, communities, and society. The desired results of inclusive experiences for children with and without disabilities and their families include a sense of belonging and membership, positive social relationships and friendships, and development and learning to reach their full potential. The defining features of inclusion that can be used to identify high quality early childhood programs and services are access, participation, and supports (Division for Early Childhood of the Council for Exceptional Children, & National Association for the Education of Young Children, 2009).

...all young children with disabilities should have access to inclusive high-quality early childhood programs where they are provided with individualized and appropriate supports to enable them to meet high expectations (U.S. Department of Education, Office of Special Education and Rehabilitative Services, 2017).

The Individuals with Disabilities Education Act (IDEA) guarantees Free Appropriate Public Education (FAPE) in the Least Restrictive Environment (LRE) for children identified with disabilities. LRE means educating children with disabilities in regular classes alongside their peers without disabilities. For preschool children with disabilities, a “regular class” is a setting with typically developing peers. These regular early childhood programs (RECP) may include, state pre-kindergarten (pre-k), preschool classes, Head Start, child care, and kindergarten. There may be other types of regular early childhood settings in addition to these public and private programs. In addition to access to regular early childhood programs, meaningful participation occurs in high-quality inclusive settings. The quality of an early childhood program is defined by the following three interdependent factors: interpersonal interactions, physical environment, and the program support structure (Workman & Ullrich, 2017).

DEC Recommended Practices in Early Intervention/Early Childhood Special Education (<http://www.dec-sped.org/recommendedpractices>), provides practices and examples for families and those working with young children with disabilities.

The U.S. Department of Education affirms that



The Individuals with Disabilities Education Act (IDEA) "...presumes that the first placement option considered for a preschool child with a disability is the regular public preschool program the child would attend if the child did not have a disability" (U.S. Department of Education, Office of Special Education and Rehabilitative Services, 2017).

As states and communities consider the guiding principles that build and sustain high-quality early intervention and preschool special education systems and efforts related to expanding inclusive settings, it is suggested that they consult *A System Framework for Building High-Quality Early Intervention and Preschool Special Education Programs* (<http://ectacenter.org/sysframe/http>) developed by the Early Childhood Technical Assistance Center (ECTA Center), funded by The Office of Special Education Programs (OSEP). The framework poses the question, "*What does a state need to put into place in order to encourage/support/require local implementation of evidence-based practices that result in positive outcomes for young children with disabilities and their families?*" and considers the following components: Governance, Finance, Personnel/Workforce, Data Systems, Accountability and Quality Improvement, and Quality Standards.

The benefit for children who attend high quality preschool programs has been repeatedly demonstrated. Research from the High/Scope Perry Preschool Project, the Chicago Parent Centers, and the Abecedarian Project are just a few of the studies that have shown the positive

long-term outcomes for these children. Children who attend high quality preschool programs are more likely to have higher academic achievement, graduate from high school, be employed, earn higher wages and own their own homes. These children were less likely to repeat grades, or need special education, which provides a substantial cost savings for school districts. A 2015 study on the impact of North Carolina's early childhood initiative on special education placements in third grade showed that participation in *Smart Start* or the *More at Four* state preschool program reduced the odds of children receiving special education services by 39% (Muschkin, Ladd & Dodge, K.A., 2015). Not only does participation in high-quality preschool programs provide economic reward to the majority of children in attendance, it also provides economic savings to school districts. Additional research findings detail the many benefits of high quality inclusive programs for all children (Early Childhood Technical Assistance Center, 2016).

As early childhood systems and programs strive to create and support high-quality inclusive settings, a number of principles guide actions. **Children are children first**—providing developmentally appropriate experiences is important for all children regardless of their individual differences. **Supports to families** are necessary to encourage their engagement, foster appropriate expectations for their children, nurture informed decision making, and advocate for access to high quality inclusive early childhood experiences. **Professional development** supports for adults in programs help ensure high-quality engagement and participation of all children within the classroom. **Collaborative communities create inclusive opportunities** for on-going communication, shared vision, and action planning.

## Purpose and Intended Audience

This document is intended to help better understand the financial requirements and responsibilities necessary to create inclusive placement options as part of the continuum of service options available for consideration by the IEP teams gathered for each preschool aged child with a disability (34 C.F.R. §300.115). Strategies and guidance on collaborative funding mechanisms, including braided funding, to create and sustain high-quality inclusive regular early childhood settings that are inclusive of preschool children with disabilities are one focus of this document. The use of federal funds is outlined specific to supporting young children with disabilities in regular early childhood programs with their peers.

State and local funds are subject to the rules of the state or local agency and not addressed in this document. This toolkit may be used at the state, regional and/or local levels to support administrators in making finance decisions to promote preschool inclusion, to provide technical assistance and to guide community collaboration. This document is useful for all state and local administrators of early childhood programs, finance staff, program personnel, higher education, families, family leadership, education and support services. Early childhood programs include special education, Title I, pre-K, Head Start, child care and other community programs.

The toolkit encourages an approach that could be described as “start anywhere, follow it everywhere” (Wheatley, 2007, p. 110). Within the toolkit all elements are equally important and support one another. While topics are presented sequentially, the sections of guidance in this document are intended to be used as needed. A state or community team (or individuals) may review the sections and begin

to take action at the intersection of current contexts to increase inclusive opportunities.

## Placement Decisions

Preschool aged children with disabilities are entitled to a free appropriate public education (FAPE) in placements individually determined by each child’s IEP team following the Least Restrictive Environments (LRE) provisions of the IDEA Act (34 C.F.R. §300.114). The responsibility of each child’s IEP team is to follow the process outlined in IDEA by beginning with the documentation of the strengths and needs of the child, followed by the development of the child’s goals. At every step of the IEP, from referral to placement, each child’s IEP team must consider special factors, any supplemental aids and services that might be necessary for a child to participate in an inclusive setting as an appropriate placement. Inclusive placements must be considered before the IEP team discusses more restrictive placement options.

ECTA’s Tools for Understanding LRE (<http://ectacenter.org/topics/inclusion/tools.asp>) provides assistance to programs and teams in understanding the Least Restrictive Environment (LRE) requirements and determining appropriate placements.

## Federal IDEA Funds

IDEA Part B funds are generally used to pay for the provision of special education and related services to children with disabilities that are in excess of the regular education costs. States are required to calculate special education costs that are in excess of a district per pupil expenditures for elementary and secondary school students. Preschool students would be included in the calculation only if preschool is

included in the state definition of an elementary school (34 C.F.R. §300.16).

The excess cost principle, the special education costs of educating a child with a disability that are in excess of regular education costs, are discussed in the Dear Colleague Letter (DCL) related to Preschool Least Restrictive Environment.<sup>1</sup> This principle may be applied to children in states and LEAs with publicly funded regular early childhood programs, or other preschool programs offered at no cost to families, such as Head Start of Title I preschool programs. Where public regular early childhood programs at no cost to families exist, a child with an IEP who meets program registration requirements should be considered for enrollment. If a child is enrolled in a public program at no cost to the family, IDEA funds would only pay for special education and related services specified in a child's IEP. According to the DCL, an LEA may use Part B funds to pay for all of the costs for a regular early childhood program for a child ages three, four or five with an IEP if no local or State funds are available for nondisabled children of these ages. "...the LEA is responsible for making available an appropriate program in the LRE and ensuring that tuition costs associated with that placement for the period of time necessary to implement the IEP are at no cost to the parents." The DCL continues to describe what might be allowable use of IDEA funds:

*The excess cost requirement, however, does not prevent an LEA from using Part B funds to pay for all of the costs directly attributable to the education of a child with a disability in any of the ages three, four, or five if no local or State funds are available for nondisabled children of these ages. For example, if an LEA offers no regular public*

*preschool programs for children without disabilities, and a preschool child with a disability is already participating in a private preschool program that is being paid for by the child's parents, the child's placement team may determine that, based on the child's IEP and the LRE provisions, placement in a private preschool program is necessary for the child to receive FAPE in the LRE. In such situations, the LEA responsible for providing FAPE to the child must pay for all of the costs associated with the provision of special education and related services in the LRE, as stated in the child's IEP (34 CFR §§300.145 through 300.147). Specifically, if the placement team determines, based on the child's IEP, that placement in an inclusive private preschool program is necessary to provide FAPE to a child who needs interaction with nondisabled peers, the LEA is responsible for making available an appropriate program in the LRE and ensuring that tuition costs associated with that placement for the period of time necessary to implement the IEP are at no cost to the parents. [This quoted section includes a footnote to the OSEP Letter to Neveldine, 22 IDELR 630 (January 25, 1995), which appears in the appendix, DCL (U.S. Department of Education, Office of Special Education and Rehabilitative Services, 2017).*

IDEA funds must be spent by a state in accordance with this law and must not be comingled with state funds. Use of a separate accounting system that includes an audit trail of the expenditure of funds is required (34 C.F.R. §300.162). The ECTA finance regulations page (<http://ectacenter.org/topics/finance/sec619finregs.asp>) includes detailed information related to

IDEA 611 and 619 funding. To ensure the appropriate expenditure of federal funds in accordance with the terms and conditions of the Federal award, fiscal reports must include a certification of employees of their time and effort. [The Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards \(2013\)](#): [https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl) provides the regulations for cost principles and reporting requirements.

## IDEA Funds – State Administration

The IDEA provides formula grants to states, the District of Columbia and territories serving children ages three to 21. States are allocated funds based on a funding formula described in section 611 of the act to provide special education services for children ages three to 21. In addition, section 619 of the IDEA provides funds to states specifically for services to children ages three through five ([34 C.F.R. §300.703](#)). Quoting the program description found at the Special Education Grants to States website (<https://www2.ed.gov/programs/osepgts/index.html>):

*Most of the federal funds provided to states must be passed on to LEAs. However, a portion of the funds may be used for state-level activities. Any funds not set aside by the state must be passed through to LEAs. These sub-state allocations are made in a fashion similar to that used to allocate funds among states when the amount available for allocation to States increases.*

The portion of 611 and 619 funds used for state level administration are often called set-aside funds. Commingling and supplanting state set-aside funds is allowed for state level activities

such as administration, direct services, technical assistance and personnel preparation as well as assisting districts in providing positive behavioral interventions and supports and improving the use of technology in the classroom. Funds may also be used to support other state-level activities, such as monitoring, enforcement, complaint investigation, and to establish and implement the mediation process, and other activities. Each state special education advisory board or council provides recommendations on the use of IDEA funds and procedures including funds to support services for preschool children with IEPs in inclusive settings and recommend making early childhood inclusion a state priority. These funds may supplement other resources to develop and implement a statewide coordinated services system designed to improve results for all children and families, ([34 C.F.R. §300.704](#)). The Part B preschool regulations (<http://ectacenter.org/topics/finance/sec619finregs.asp#sec619>) related to funding provide detailed information including funding formulas, policies and assurances.

Preschool aged children with disabilities are afforded the right to a free appropriate public education in a least restrictive environment. States have the responsibility of monitoring districts to ensure that preschool aged children have access to high-quality regular early childhood programs, that providing services in least restrictive environment has been considered, and that funds are being expended as intended.

## State Funds for Children with Disabilities

In addition to federal IDEA funds, states provide funding for special education services to support children with IEP's. IDEA funds are to be used to supplement state, local, and other federal education funds and not to replace (or supplant) these funds. States provide funds for both special education and general education in varying ways. Some state funds used in addition to federal IDEA 611 and 619 may be formula funds or dedicated state special education funding, such as a state fund specific to children with disabilities ages three through five. Some states provide average daily membership funding for all children, including preschool children with disabilities.

## Local Use of IDEA Funds

IDEA Part B regulations related to general special education funds (Section 611) and preschool special education funds (Section 619) are a vital component to understanding permissible use of funds for serving young children with Individualized Education Programs (IEPs) in an inclusive setting. State education agencies (SEAs) and/or local educational agencies (LEAs)--special education--are required to pay for the special education services and related services, modifications and supports named in a child's IEP. Consultation, itinerant services and other service delivery strategies are to be considered. The following are just two examples of supports:

- When the IEP team agrees that transportation is necessary as a related service for an individual child, special education is responsible for transportation costs if transportation is not provided for all children.

- Personnel development support may be listed as a provision of a child's IEP and may include training for classroom teachers and assistants on aspects of how to implement the IEP, for example. The cost of such training is the responsibility of special education.

Districts must budget and spend at least the same amount of funds for the education of children with disabilities, including preschool aged children with disabilities as was spent in the most recent fiscal year for which information is available. Districts may report from at least one of the following sources:

1. Local funds only
2. The combination of State and local funds
3. Local funds on a per capita basis
4. The combination of state and local funds on a per capita basis. (34 C.F.R §300.203).

IDEA funds may be used by districts for costs related to special education teachers, administrators and related services providers. Federal IDEA funds used for personnel require a certification of employees time and effort under the [Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards \(2013\)](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl):  
[https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

Specialized equipment or devices, materials and supplies for use with preschool children with IEPs are also allowable IDEA costs. Funds may also be used to provide professional development for special education personnel and general education teachers who teach preschool children with IEPs. These funds may be used to provide training, ongoing coaching, and/or technical assistance to support individual children with IEPs. Additionally, funds may be used for initiatives designed to help programs understand the IDEA provisions and supports

(e.g. pyramid model, embedded instruction, and universal design).

IDEA funds may be used for services and aids that also provide incidental benefit (34 C.F.R. §300.208) to children without disabilities. Special education and related services, supplementary aids and services, all provided in a regular early childhood setting to a child with an IEP may also benefit children without IEPs. Purchased technology necessary for recordkeeping, data collection, and related case management activities for providing services described in a child's IEP are allowed using IDEA funds.

## Funds Supporting Early Childhood Programs

The IDEA states a strong preference for educating children with disabilities in regular classes alongside their peers without disabilities. For preschool children, regular classes are regular early childhood programs, such as state pre-kindergarten, preschool classes, Head Start, child care, and kindergarten, each with unique funding sources, regulations and accountability. In a study of the costs of inclusive programs, lower costs were associated with more inclusive programs across public schools, community, and Head Start programs, and inclusive preschool models were less expensive for school districts than segregated models (Odom, Parrish & Hikido, 2001).

Federal funds supporting Head Start and the Every Student Succeed Act (ESSA) Title I preschool programs provide the opportunity for young children with disabilities eligible for these programs a high-quality preschool experience in which special education services may be delivered. In addition, some states Child Care Development Block Grants (CCDBG) offer financial incentives for programs serving children with disabilities.

Many states have funded pre-kindergarten programs and have established specific guidelines ranging from voluntary, universal pre-kindergarten to limited access programs for children who are at risk for being unsuccessful in school. A national picture and state specific information on these programs is available at the National Institute for Early Education Research (NIEER) State Preschool Yearbook (<http://nieer.org/state-preschool-yearbooks>), an annual publication which tracks funding, access, and policies of state-funded preschool programs. When the pre-k program is not universally available, state pre-k program enrollment eligibility, determined by the state, is generally based on the family and/or parent factors (e.g., socio-economic status or levels of education) and/or child factors (e.g., English language learner status). When a child has an IEP, some state pre-kindergarten programs include the child regardless of the family's income eligibility; in other states, the family of a child with an IEP must meet income eligibility as an enrollment requirement. The same is true of age requirements—states vary on whether the child with an IEP must meet age eligibility to be included in the pre-k program.

Children with IEPs who meet the state-specific requirements for a public program should be considered for enrollment. To do otherwise would be discriminatory.

The following chart portrays many of the public and private funding sources that support early education opportunities. It depicts special education and other funding strands that may be braided to support children with IEPs in inclusive settings. Hyperlinks to information relative to each source are provided. The following pages provide brief descriptions of each funding source.

## Funds Supporting IDEA Preschool Services and High-Quality Early Childhood Programs

The following table summarizes major funding sources for providing IDEA services and those funding sources supporting inclusive high-quality early childhood programs.

Funding	Programs	Comments
Federal Education Funds	IDEA: Children with Disabilities	<p>Preschool Grants Program, Part B, Section 619 of IDEA supplement Part B 611 funds, and are administered by the Office of Special Education Programs, to assist states in serving young children with disabilities, ages 3-5 years.</p> <p><a href="https://sites.ed.gov/idea/">https://sites.ed.gov/idea/</a></p> <p>See the OSEP Dear Colleague Letter (DCL) related to Preschool Least Restrictive Environment (LRE) for information specific to preschool inclusion.</p>
	Every Student Succeeds Act – Early Childhood	<p>Every Student Succeeds Act (ESSA), December 10, 2015. This bipartisan measure reauthorizes the 50-year-old Elementary and Secondary Education Act (ESEA). The new law supports improved collaboration and coordination among early education programs (public schools, home-based child care, center-based child care, Head Start, etc.), and emphasizes smooth transitions from pre-K programs to kindergarten. Also includes preschool development grants separate from the ones listed below.</p> <p><a href="http://www.ed.gov/essa?src=rn">http://www.ed.gov/essa?src=rn</a></p> <p>Department of Early Learning ESSA Guidance</p> <p><a href="https://www2.ed.gov/policy/elsec/leg/essa/essaelguidance10202016.pdf">https://www2.ed.gov/policy/elsec/leg/essa/essaelguidance10202016.pdf</a></p>
	Preschool Development Grants	<p>Grants to States for implementing coherent, compelling, and comprehensive early learning education reforms: aligning and raising standards for existing early learning and development programs; improving training and support for the early learning workforce through evidence-based practices. New Preschool Development Grants support the creation or expansion of state early learning programs.</p> <p><a href="http://www2.ed.gov/programs/preschooldevelopmentgrants/index.html">http://www2.ed.gov/programs/preschooldevelopmentgrants/index.html</a></p>

Funding	Programs	Comments
Federal Health and Human Services Funds	Head Start/Early Head Start	<p>Head Start and Early Head Start programs are administered by the Office of Head Start, DHHS, and provide grants to local public and private non-profit and for-profit agencies. They are child-focused programs that serve children from birth to age 5, pregnant women and their families, and have the overall goal of increasing the school readiness of young children from low-income families.</p> <p><a href="http://www.acf.hhs.gov/programs/ohs">http://www.acf.hhs.gov/programs/ohs</a></p>
	Child Care and Development Fund (CCDF)	<p>CCDF assists low-income families, families receiving temporary public assistance, and those transitioning from public assistance in obtaining child care so they can work or attend training/education. CCDF is administered by the office of Child Care, DHHS, and provides grants to States, Territories and Tribes to serve children younger than 13 years; however, some grantees may elect to serve children age 13 to 19 who are physically or mentally incapacitated or under court supervision.</p> <p><a href="https://ccdf-fundamentals.icfcloud.com">https://ccdf-fundamentals.icfcloud.com</a></p>
	Medicaid & S-CHIP	<p>Medicaid and S-CHIP provide health insurance which pays for services for children, including preventive care, immunizations, screening and treatment of health conditions, doctor and hospital visits, and vision and dental care for families who are income eligible and/or children with disabilities.</p> <p><a href="http://www.medicaid.gov">http://www.medicaid.gov</a>  <a href="http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/By-Topic.html">http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/By-Topic.html</a></p>
State and Local	State and Local Funds	<p>State and local dollars are primary funding sources of public Pre-K-12 education (see individual state departments of education websites).</p>
	State-Funded Prekindergarten	<p>Early learning programs funded by State funds to strengthen children's learning. Funding often goes to local school districts for programs emphasizing school readiness, often for children who are at risk due to economic situation.</p> <p><a href="http://nieer.org/yearbook/">http://nieer.org/yearbook/</a>  <a href="http://ceelo.org/">http://ceelo.org/</a></p>
Private	Private Insurance	<p>Private family or child insurance used with family permission.</p>
	Private Pay	<p>Funding sources (such as, parental payment or co-pay, scholarships, and/or gifts) may support programs and/or enrollment of children.</p>
	Foundation Funds	<p>Funds that may be utilized to support programs and/or enrollment of individuals.</p>
	Pay for Success	<p>Pay for Success is a creative approach to funding social services, with the potential to bring resources to proven preventative programs. Private investors pay for preventative or interventional social services up front. Should these services deliver their intended results, governments then reimburse the investors with a return on their investment.</p> <p><a href="https://www.ed.gov/content/announcing-new-pay-success-competition-early-learning">https://www.ed.gov/content/announcing-new-pay-success-competition-early-learning</a></p>

## Community Collaboration

Collaboration across early childhood programs builds a coordinated system that supports high-quality learning experiences for all young children, including children with disabilities. Working together, leaders set expectations for services to be provided in inclusive settings, establish policies, and allocate resources to increase access to inclusive early childhood programs.

Cross sector early childhood councils are one way to identify and coordinate opportunities, services and supports. Consider establishing a task force, council or committee on early childhood inclusion with program representatives with decision-making authority to lead the collaboration effort and partner to build a culture of inclusion. This may be a subgroup of another existing committee. Determine clear intended outcomes and timelines for the work. For example, the task force may be charged with reviewing state regulations to ensure policies that support inclusion in general and collaborative practices and funding.

Identifying community programs serving young children is a starting point for collaborating to examine policies, program elements and funding mechanisms that support inclusive opportunities for young children with disabilities. Researching the eligibility guidelines for each program is necessary. Understanding the enrollment process, calendar and other program specifications will also contribute to defining practices for including children with IEPs. Understanding program elements will help guide the braiding of funding, and necessary accountability, to ensure funds are being used for their intended purpose. When monies from different funding sources are used to create one classroom, the classroom must meet the requirements of each authority.

The Early Childhood Programs Comparison Worksheet

([http://ectacenter.org/~docs/topics/inclusion/programs\\_comparison\\_worksheet\\_2017-07-14.docx](http://ectacenter.org/~docs/topics/inclusion/programs_comparison_worksheet_2017-07-14.docx)) is a tool to help list key programs for

comparison of critical program requirements and elements at the local, state and/or federal level. Identify available programs and add or delete rows and columns to customize this worksheet for your use. Include elements at the regional level if such programming exists. This worksheet may be completed as a facilitated process for learning about each program. The compiled information should be updated as necessary. It could be used as a reference during the development of collaborative agreements, as an orientation resource for new staff and for budget projections and presentations. The worksheet is available on the ECTA website

(<http://ectacenter.org/topics/inclusion>) and as an addendum to this Finance Toolkit.

## Collaborative Funding

Collaboration and a commitment to funding high-quality inclusive programs can leverage resources to create inclusive opportunities for children with disabilities. By creating collaborative funding agreements, programs clearly define the agreed upon costs each funding source is paying to support an early childhood program or classroom. These agreements may be defined in policy, informally understood, or structured as written agreements. Parties of the agreements determine and agree upon the commitment of funds. Agreements may also include in-kind arrangements or waivers.

A Preschool Development Grant TA brief examines funding strategies for supporting and sustaining quality inclusive preschool programs:

Utilizing the strategies of braiding, blending and layering multiple funding streams can increase

access to inclusive, high quality preschool programs for all children. The strategy of creating partnerships between programs to share resources and coordinate services...can also expand children's access. These different funding strategies can contribute to sustainability over time.

The following are strategies and examples of how two or more programs may braid funds. Funding requirements for specific programs in your state or community may or may not be allowed in the examples below. It is critical to know each program's funding rules, and to be able to track funds separately. States often provide policy guidance on how programs may braid funds from various sources. This guidance may prove helpful when program funding requirements are barriers to providing inclusive programs.

**Braided and layered funding** are terms describing the use and management of funds from two or more funding sources. An example of braided funds is when children's classroom participation is supported by different funding streams, each source paying a portion of the total classroom cost. Layered funding denotes a tiered approach using a foundational source of funds, a second layer of funding might provide additional program hours, staff training, equipment and/or supplies. A third layer of funding may be child specific such as IDEA funds for a child's IEP services, or comprehensive services for children funded through Head Start. The allocation and accounting of funds must match the intended purpose of the funding source without duplication. Funds must only be used for the allowable costs, as defined by the funding source at federal, state and/or local levels, as appropriate. The coordination of planning and operations requires the involvement of administrators, accounting staff, business managers or those knowledgeable of funding requirements and/or who are responsible for financial decisions. IDEA funds may not be

comingled with other funds which means there must be specific bookkeeping and audit practices for the use of IDEA funds. Examples of funding strategies:

1. **Cost sharing – each program pays the same amount per child.** One way of sharing the cost for a classroom or program is to determine the per child cost. Each source pays that amount for the number of children they fund. There is a worksheet at the end of this section that can be used to determine the cost per child in a classroom, and the cost of the classroom.
2. **Cost sharing – cost contribution** occurs when a funding source contributes money to the program. In this example, each funding source provides a specific dollar amount to the program. This might be the rate of funding equivalent to each program's cost per child, or other agreed upon amount. For example, the state pre-k program may be a four-hour program which is supplemented to provide a full day program with the use of Title I funds. There is a worksheet at the end of this section that can be used to determine contribution from each funding source, the cost of the classroom and any differences between revenue and cost.
3. **Specific cost funding** occurs when the commitment of funds is made for expenses or functions within a program by a specific fund source, according to guidelines of each source. Funds are not exchanged by programs but are allocated through agreements to support components of a program.
  - a. Specific cost funding is when each source agrees to pay a specific cost rather than paying a portion of the total operating expenses. An example is a regular early childhood classroom comprised of children with and without disabilities. The classroom teacher is funded by a regular program and an

assistant is paid for using funds from a second regular program. A special education itinerant teacher provides instruction to three children with IEPs in the classroom by planning and teaching a learning center within the classroom, with activities to support goals for each child. The teacher plans her instruction in collaboration with the classroom teacher, and during center time, children with and without disabilities spend time at her center. While the itinerant teacher is providing instruction to the children with disabilities, children without disabilities receive incidental benefit when they participate in her center activities.

- b. Another example of specific cost funding in this scenario would be the option of an additional assistant paid for with special education funds. This assistant is provided as a support to ensure the participation and engagement of the three children with IEPs in the classroom. In doing so the assistant interacts with all of the children in the classroom at times, ensuring the children with IEPs are engaged with classroom activities, other children and the classroom instructors.
4. **Fee for service, or private pay** is a funding mechanism used by a preschool program or classroom, generally in a program operated by district special education personnel. In this funding model, the program recruits children without disabilities to create a regular early childhood classroom/program. Children without IEPs pay a fee to participate in the classroom. Fee for service programs operate varying hours and charge fees based on the type program they provide. Some fee for service programs may have an 'after school' component which provides extended hours of care. These programs may be offered as an incentive to teachers in the district, offered exclusively to their children and grandchildren.
5. **In-kind sharing** of resources is another way to support a braided program. An example is a classroom in a school building may be provided to a regular early childhood program in exchange for slots saved specifically for a child with disabilities. In this example, a community preschool program with specific income requirements for the families it serves is recruited to locate and operate a preschool classroom in the LEA or school district. The school district provides the community program a classroom at no cost. In exchange for the classroom the community preschool program holds two slots for children with disabilities who did not meet enrollment requirements for the program.
6. **Class size waivers** occur when programs request a smaller class size to be able to meet the needs of children, those with and without IEPs. In these cases, the program may receive the same money as classrooms without a class size waiver. Or, in another case, special education may agree to pay a portion of the classroom operating costs, in order to provide an appropriate inclusive classroom for children with IEPs.
7. **Holding slots (or enrollments for children)** is a mechanism programs may use to ensure there are seats for children with disabilities in regular early childhood programs as children with disabilities are identified throughout the year. Often when children receiving services in Part C of IDEA transition, or children are identified after the fall when classrooms are full, there are no regular programs available. Another strategy for this scenario is to prepare in advance to ensure there will be appropriate placements available throughout the year. To do this, compare enrollment counts of

children with IEPs in the fall, with the number of children with IEPs receiving services in the spring. Percent growth is computed by states and districts to track these data over time to have a general idea of how many children to expect to be found eligible through Child Find.

8. **Funded enrollment** is the use of IDEA funds to pay for an individual child's placement including enrollment or tuition costs if a child's IEP specifies the child requires a regular early childhood program, and the district does not have a placement available. This often occurs in cases where a child does not meet entrance requirements or eligibility for a regular public or private early childhood program. In this example, if the regular preschool program cost is \$5,000 per child per year, and two children with IEPs do not meet that program's eligibility requirements, IDEA funds may pay the enrollment cost, \$10,000 for the two children.
9. **Professional competencies, certifications and licensure** that are common across early childhood programs and include an emphasis on inclusion could be developed and used to allow staff to support children in all settings.
10. **Professional development and shared** opportunities for all early educators within a community contribute to a common understanding and commitment to inclusion. IDEA funds may be used to contribute to the cost of a statewide early childhood professional development system or could be used to include community partners in local trainings.

## Service Delivery Models

Considerations for staffing, classroom configurations and service delivery models include the needs of the children (individually and as a group), the guidelines for class size in a particular program, and the program models being used in a community or state.

High-quality inclusive settings are regular early childhood classrooms and programs where children with IEPs attend and receive their special education services within the regular program setting. As a reminder, the child's IEP team determines the placement. Regular programs aligning with state standards or guidelines, using evidence-based practices and grounded in accepted developmentally appropriate principles to meet the needs of all children are considered high-quality. There are other settings in which children may receive their special education services: home, separate classrooms, service provider settings, other locations, or separate schools.

## Staffing and Classroom Configurations

The specific placement option is always determined individually for each child by their IEP team, and should be based on the child's needs, and not by the availability or lack of availability of any particular program or classroom. Considerations for inclusive staffing and classroom configurations include the needs of the children individually and as a group. They also include consideration of requirements and guidelines for class size in a particular program, and the program models being used in a community or state. In each example, professionals must meet the licensing requirements in their states. Special education staff supporting children with IEPs in a program or classroom may also work with and provide incidental benefit to children without disabilities.

The classroom configurations defined below are consistent with the decisions made by individual IEP teams, for the provision of special education services in placements within a continuum. These examples are focused on providing services in regular early childhood programs and do not represent the entire continuum. There are a number of classroom configurations and considerations for providing preschool special education services in inclusive settings. In some cases, teachers' salaries are paid from more than one funding source. Whenever special education teachers are paid from more than one funding source, the use of IDEA funds must be explicitly documented in the time and effort requirements under [the Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards \(2013\)](#):

[https://www.ecfr.gov/cgi-bin/text-id.x?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-id.x?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

This is a list of selected common inclusive staffing strategies:

1. **Co-teachers** (regular and special education) in classroom are when teachers with different certifications work together to plan, implement and assess the activities of all children. Costs for staff are dependent on the number of hours of co-teaching (from one period to the entire day, for example). The number of children in the classroom also influences the cost, as does the district, program or agency staffing costs for each teacher.
2. **Dually certified** teachers who provide regular and special education to one group of children, those with and without IEPs may be a license or certification option in some states. Other special education and related services staff may also be serving children with IEPs in that classroom. In this configuration, the cost for having a dually certified teacher is equal to one staff member providing services for both regular and special education services.
3. **Paraprofessionals** or teacher assistants provide additional support to all children and the classroom teacher, funded by any of the sources as guidance permits. Assistants interact with all of the children in the classroom, ensuring that all children, including the children with IEPs are engaged with activities, other children, and the instructors.
4. **Consultation** with the regular education classroom teacher occurs when special education and related services staff confer with regular education staff specific to children with IEPs. The costs of these special education services are provided by special education funds related to time, travel, case load and other staff expenditures.
5. **Itinerant special education** teachers and related service providers deliver special education services in regular education classrooms in collaboration with the regular education teacher and other staff. An example might be a teacher who staffs an activity center within the classroom providing instruction to the child with an IEP, as well as other children who may gain incidental benefit from the lesson. Itinerant staff costs are covered by special education funds and are proportional to the time spent. Additional costs for itinerant services may include travel, consultation, teaming time and family conferences.
6. **IEP specified paraprofessionals** may provide support to an individual child (or children) in the regular education setting, working under the direction of the special education and regular education teachers. In these cases, the IEP team determines and documents the need for individualized support and commits special education funding.

## Summary

The *Preschool Inclusion Finance Toolkit 2018* has been updated to provide strategies and guidance for states, community teams and individuals to take actions to increase inclusive opportunities for preschool children and their families. Collaborative funding strategies and mechanisms have been offered as springboards to 'start anywhere' in creating and sustaining high-quality inclusive regular early childhood settings and collaborative agreements that provide access, participation and supports for preschool children with disabilities. Federal IDEA regulations have been noted so that the reader may make a direct review. National and state resources add to the changing picture of preschool inclusion for state- and community-level development of policies and guidelines and action.

## Foundational Resources

Within the ECTA Inclusion webpage (<http://ectacenter.org/topics/inclusion/default.asp>) there are additional resources on [financing strategies and collaborative funding](#).

Division for Early Childhood of the Council for Exceptional Children, & National Association for the Education of Young Children. (2009). *Early childhood inclusion*. Retrieved from [https://npdci.fpg.unc.edu/resources/articles/Early\\_Childhood\\_Inclusion](https://npdci.fpg.unc.edu/resources/articles/Early_Childhood_Inclusion)

Lawrence, S., Smith, S., & Banerjee, R. (2016). *Preschool Inclusion: Key findings from research and implications for policy*. Retrieved from [http://www.nccp.org/publications/pdf/text\\_1154.pdf](http://www.nccp.org/publications/pdf/text_1154.pdf)

U.S. Department of Education, Office of Special Education and Rehabilitative Services. (2017). *Dear Colleague letter on preschool least restrictive environments (LRE)*. Retrieved from <https://www2.ed.gov/policy/speced/guid/idea/memosdcltrs/preschool-lre-dcl-1-10-17.pdf>

U.S. Department of Health and Human Services, & U.S. Department of Education. (2015). *Policy statement on inclusion of children with disabilities in early childhood programs*. Retrieved from <https://www2.ed.gov/policy/speced/guid/earlylearning/joint-statement-full-text.pdf>

## Resources Related to Funding Early Childhood Programs

Fonseca, M. (n.d.). *Braiding, blending and layering funding sources to increase access to quality preschool*. Retrieved from <https://pdg.grads360.org/services/PDCService.svc/GetPDCDocumentFile?fileId=26705>

Johnson-Staub, C., (2012). *Guide to financing comprehensive services in child care and early education*. Retrieved from <https://www.clasp.org/sites/default/files/public/resources-and-publications/publication-1/A-Guide-to-Financing-Comprehensive-Services-in-Child-Care-and-Early-Education.pdf>

Wallen, A., Hubbard, A., (2013). *Blending and braiding early childhood program funding streams toolkit: Enhancing financing for high-quality early learning programs*. Retrieved from <http://qrisnetwork.org/sites/all/files/resources/mrobison%40buildinitiative.org/2014-01-17%2011%3A36/Blending%20and%20Braiding%20Early%20Childhood%20Program%20Funding%20Streams%20Toolkit.pdf>

Center on Enhancing Early Learning Outcomes (CEELO). (n.d.). *Cost of preschool quality tool*. Retrieved from <http://ceelo.org/cost-of-preschool-quality-tool/>

## Acronyms

Acronyms found in this toolkit include:

<b>CCDBG</b>	Child Care Development Block Grant (Child Care and Development Fund)
<b>DCL</b>	Dear Colleague Letter
<b>DEC</b>	Division for Early Childhood
<b>DHHS</b>	United States Department of Health and Human Services
<b>DOE</b>	United States Department of Education
<b>FAPE</b>	Free Appropriate Public Education
<b>IDEA</b>	Individuals with Disabilities Education Act
<b>IDELR</b>	Individuals with Disabilities Education Law Report
<b>IEP</b>	Individualized Education Program
<b>LRE</b>	Least Restrictive Environment
<b>NAEYC</b>	National Association for the Education of Young Children
<b>OSEP</b>	Office of Special Education Programs, US Department of Education
<b>Part C</b>	Part C, Individuals with Disabilities Education Act
<b>Section 619</b>	Section 619 of Part B, Individuals with Disabilities Education Act
<b>TANF</b>	Temporary Assistance for Needy Families
<b>Title 1</b>	Every Student Succeeds Act, Title 1

## Glossary

Several glossaries related to early childhood and special education are available on the Internet.

- ECTA Center listing of glossaries: <http://ectacenter.org/portal/dictionaries.asp>
- Key Terms to Know in Special Education: <https://www.parentcenterhub.org/keyterms-special-ed>
- Child Care and Early Education Glossary: <https://www.researchconnections.org/childcare/childcare-glossary>
- IRIS Center Glossary: <https://iris.peabody.vanderbilt.edu/resources/glossary/>
- Association of University Centers on Disabilities (AUCD) Acronym Dictionary: <https://www.aucd.org/resources/dictionary.cfm>

## Worksheets

The following worksheets are available on the ECTA website

(<http://ectacenter.org/topics/inclusion>):

- Early Childhood Programs Comparison Worksheet ([http://ectacenter.org/~docs/topics/inclusion/programs\\_comparison\\_worksheet\\_2017-07-14.docx](http://ectacenter.org/~docs/topics/inclusion/programs_comparison_worksheet_2017-07-14.docx))
- Determining Costs Inclusive Worksheet ([http://ectacenter.org/~docs/topics/inclusion/determining\\_costs\\_inclusive\\_worksheet\\_2017-07-14.docx](http://ectacenter.org/~docs/topics/inclusion/determining_costs_inclusive_worksheet_2017-07-14.docx))

## References

Division for Early Childhood of the Council for Exceptional Children, & National Association for the Education of Young Children. (2009). *Early childhood inclusion*. Retrieved from [https://npdci.fpg.unc.edu/resources/articles/Early\\_Childhood\\_Inclusion](https://npdci.fpg.unc.edu/resources/articles/Early_Childhood_Inclusion)

Odom, S. L., Parrish, T., & Hikido, C. (2001). The costs of inclusion and noninclusive special education preschool programs. *Journal of Special Education Leadership*, 14, 33–41.

U.S. Department of Education, Office of Special Education and Rehabilitative Services. (2017). *Dear Colleague letter on preschool least restrictive environments (LRE)*. Retrieved from <https://www2.ed.gov/policy/speced/guid/idea/memosdcltrs/preschool-lre-dcl-1-10-17.pdf>

Wheatley, Margaret J. (2007). *Finding our way: Leadership for an uncertain time*. San Francisco, CA: Berrett-Koehler.

Workman, S. & Ullrich, R. (2017). *Quality 101: Identifying the core components of a high-quality early childhood program*. Retrieved from Center for American Progress website: <https://cdn.americanprogress.org/content/uploads/2017/02/10063958/QualityEarlyChildhood101-brief.pdf>

## Footnote

<sup>1</sup> Quoting footnote of the Dear Colleague Letter:

Although not discussed here, other Federal laws apply to preschool-aged children with disabilities as well. These laws include section 504 of the Rehabilitation Act of 1973, as amended (Section 504) and Title II of the Americans with Disabilities Act of 1990, as amended (ADA). The Department's Office for Civil Rights (OCR) enforces Section 504 and pursuant to a delegation by the Attorney General of the United States, OCR shares (with the U.S. Department of Justice and HHS) in

the enforcement of Title II of the ADA in the education context. HHS has Title II jurisdiction over public preschools. 35 CFR §35.190(b)(3) Section 504 prohibits discrimination on the basis of disability in programs or activities that receive Federal financial assistance from the Department. 29 U.S.C. § 794, 34 CFR §104.4(a). Section 104.38 of the Department's Section 504 regulations specify that recipients of Federal financial assistance from the Department that provide preschool education may not on the basis of disability exclude qualified persons with disabilities and must consider the needs of these persons in determining the aid, benefits, or services to be provided. 34 CFR §104.38. Title II prohibits discrimination on the basis of disability by public entities, including public schools, regardless of whether they receive Federal financial assistance. 42 U.S.C. §§ 12131-12134, 28 CFR Part 35 (Title II). Additionally, as applicable, entities providing preschool education must comply with the nondiscrimination requirements set forth in Title III of the ADA that prohibit discrimination on the basis of disability in places of public accommodation, including businesses and nonprofit agencies that serve the public. The U.S. Department of Justice enforces Title III of the ADA. 42 U.S.C. §§ 12181-12189, 28 CFR Part 36 (Title III).

## Appendix: Regulations Related to Financing Inclusion

[IDEA website](https://sites.ed.gov/idea/statuteregulations/) – General U.S. Department of Education’s search page to search for IDEA statutes and regulations  
(<https://sites.ed.gov/idea/statuteregulations/>)

[Part B Subpart B §300.115](https://sites.ed.gov/idea/regs/b/b/300.115) – regulates the continuum of alternative placements for preschool aged children with disabilities  
(<https://sites.ed.gov/idea/regs/b/b/300.115>)

[Part B Subpart B §300.114](https://sites.ed.gov/idea/regs/b/b/300.114) – explains Least Restrictive Environment (LRE) requirements  
(<https://sites.ed.gov/idea/regs/b/b/300.114>)

[Part B Subpart B §300.16](https://sites.ed.gov/idea/regs/b/b/300.116) – addresses considerations for determining the educational placement of a child with a disability  
(<https://sites.ed.gov/idea/regs/b/b/300.116>)

[Part B Subpart B §§300.145 through 300.147](https://sites.ed.gov/idea/regs/b/b/300.145) – regulates the applicability of placement or referral of children with disabilities to a private school or facility by a public agency to provide special education and related services  
(<https://sites.ed.gov/idea/regs/b/b/300.145>)

[Part B Subpart B §300.162](https://sites.ed.gov/idea/regs/b/b/300.162) – prohibits the commingling of Part B funds and state funds  
(<https://sites.ed.gov/idea/regs/b/b/300.162>)

[Part B Subpart G §300.703](https://sites.ed.gov/idea/regs/b/g/300.703) – determines the allocation of funding to states for services to children ages three through five  
(<https://sites.ed.gov/idea/regs/b/g/300.703>)

[Part B Subpart G §300.704](https://sites.ed.gov/idea/regs/b/g/300.704) – regulates the administering of state-level activities for Part B  
(<https://sites.ed.gov/idea/regs/b/g/300.704>)

[Part B Subpart H §300.812](https://sites.ed.gov/idea/regs/b/h/300.812) – determines what portion of the annual 619 funds a state can reserve for administration and other state-level activities  
(<https://sites.ed.gov/idea/regs/b/h/300.812>)

[Part B Subpart H §300.813](https://sites.ed.gov/idea/regs/b/h/300.813) – determines the state administration amount for section 619 for any fiscal year  
(<https://sites.ed.gov/idea/regs/b/h/300.813>)

[Part B Subpart C §300.203](https://sites.ed.gov/idea/regs/b/c/300.203) – regulates the combination of state and local funds on a per capita basis  
(<https://sites.ed.gov/idea/regs/b/c/300.203>)

[Part B Subpart C §300.208](https://sites.ed.gov/idea/regs/b/c/300.208) – determines the permissive use of funds for services and aids that also benefit nondisabled children  
(<https://sites.ed.gov/idea/regs/b/c/300.208>)