



Department of Education

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High-Cost Funds Policy-Procedures

FEDERAL REGULATION:

34 CFR § 300.704 allows states the flexibility to set aside state-level IDEA Part B funds to assist Local Education Agencies (LEAs) in providing special education and related services to students with disabilities with needs that exceed the typical needs of a child with a disability, thus creating a financial impact on the LEA.

PURPOSE:

Delaware's High-Cost Funds will assist LEAs in covering the cost of educating students with disabilities who meet the criteria established in IDEA and in this plan.

DEFINITION: HIGH NEEDS CHILD WITH A DISABILITY

1. A child who has been identified as eligible for special education and related services.
2. A child who has a current Individualized Education Program (IEP).
3. The cost of educating the child with a disability is greater than 3 times the average per pupil expenditure (as defined in section 8101 of the ESEA) in the state.

CRITERIA TO RECEIVE REIMBURSEMENT:

1. The LEA submits a completed application to Dale Matusevich, Director of Exceptional Children Resources by March 13, 2026.
2. The application includes only allowable costs under IDEA Part B.
3. Costs are unexpected/not anticipated
4. The costs exceed 3 times the state's average per pupil expenditure as defined in 8101 of the ESEA.
5. All supports and services for High-Cost funds are documented in the IEP
6. The LEA provides all required documentation.
7. Additional Criteria
 - a. The LEA must incur all costs during the school year.
 - b. IEP decisions for the provision of supports and services should not be based on the availability of High-Cost funds
8. An LEA may apply for High-Cost funds for an individual student with a disability for no more than 3 consecutive years.

TIMELINE:

March 13, 2026	Deadline for submission of High-Cost Fund applications to Dale Matusevich (dale.matusevich@doe.k12.de.us) and Beth Draper (beth.draper@doe.k12.de.us)
March/April, 2026	Committee will review all applications and required documentation to determine if eligibility criteria have been met and the percentage of requested funding to be reimbursed.
April 30, 2026	LEAs will be notified if the application was approved/not approved. If approved, reimbursement will be provided to the LEA.
June 30, 2026	Deadline for LEA recoding

CONDITIONS/USE OF FUNDS:

The costs associated with educating a high need child with a disability are only those costs associated with providing direct special education and related services to the child and are identified in the child's IEP, consistent with 34 CFR § 300.114, to implement the child's IEP.

1. High-Cost funds may only be used to provide the services documented in the application for a **specific** high-need child. They are not to be used to support other activities.
2. Costs are unexpected/not anticipated.
3. All supports and services claimed for High-Cost funds must be documented in within the IEP including a detailed description of the need, frequency/duration/time required, etc.
4. Eligible Costs Examples (if documented in the IEP)
 - a. The pro-rate share of a teacher or paraprofessional whose primary assignment is the student
 - b. Related services
 - c. Specialized transportation related costs
 - d. Personal care related costs
 - e. Specialized equipment
5. Ineligible Costs (include but are not limited to)
 - a. Basic costs of the maintenance and operation of the classroom
 - b. Basic transportation such as mileage and fuel and/or costs not specific to the high need child
 - c. Administrative staff such as Principal, Vice-Principal, LEA Supervisor
 - d. Cost of evaluation for determining eligibility for special education and related services
 - e. Cost of residential facility
 - f. Legal fees, court fees or other costs associated with a cause of action brought on behalf of the child with a disability to ensure FAPE, non-extraordinary nursing costs, Multi-Lingual Learner services, indirect costs, Expenditures such as medical billing services, substitute teachers, ADA access, training that is not student specific and/or not included in the IEP
6. Funding for this subgrant is subject to availability of funds.

7. Funding is subject to EDGAR 34 CFR Parts 76, 77, 81, 82, 84, 86, 97, 98, and 99, 2 CFR Part 220 and Part 225 in addition to all federal program statutes, rules, and regulations. Subgrantees are responsible for adhering to all applicable fiscal and programmatic regulations including, but not limited to Procurement, Budget vs Expenditure.
8. Program regulations can be reviewed at: <https://sites.ed.gov/idea/regs/>
9. Indirect cost rate (specific to the LEA).
10. Period of Availability:
 - a. Funding may not be utilized for goods or services rendered prior to the start date.
 - b. Funding must be obligated on or before the grant's obligation date.
 - c. **All financial transactions must be completely processed in First State Financials by the liquidation date.**
 - d. If funds are not obligated and/or liquidated by the specified dates, the subgrantee must notify the Delaware Department of Education (DDOE) Program Manager, who will initiate the reversion process.
11. Grant amendments are required for all major programmatic changes and any movement of funds between budget account codes that exceed 15% of the individual account code or \$5,000 (whichever is greater). **The LEA must receive approval from the DDOE Program Manager prior to obligating the funds according to the amendment.** Amendment requests must be submitted via email to the DDOE Program Manager listed on your Subgrant Award Notice (SAN) with a copy to the LEA's Business Manager. The email request should include the following:
 - a. Grant year, appropriation, project number and account codes requested for amendment;
 - b. Justification for the requested amendment which shall include the original budget, new
 - c. proposed budget and impact of not using the funds for their original intended purpose will be (if any); and
 - d. The amount of funds requested for reallocation.
12. According to 2 CFR 200.213 Suspension and Debarment restricts awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. 2 CFR 180.300 states that an entity may determine suspension and debarment status by:
 - a. Checking SAM Exclusions; or
 - b. Collecting a certification from that person; or
 - c. Adding a clause or condition to the covered transaction with that person.Prior to issuing a subgrant or contract, confirm that the vendor has not been disbarred or suspended and retain documentation of verification. A list of disbarred and suspended vendors can be reviewed at: <https://www.sam.gov>.
13. High-Cost subgrants will be monitored following date of liquidation to verify compliance with Federal and State regulations.
 - a. **Procurement** 2 CFR §200.318, 2CFR §200.320, 29 Del. C. c. 69 VI. § 6980-6987
 - (1) Subgrantee must provide evidence of written policies and procedures that reflect Federal and State laws and regulatory requirements including formal bidding procedures/thresholds, formal RFP process/thresholds, written documentation citing sole source conditions.

- (2) Subgrantee must provide evidence of According to 2 CFR 200.213 Suspension and Debarment restricts awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. 2 CFR 180.300 states that an entity may determine suspension and debarment status by:
 - (a) Checking SAM Exclusions; or
 - (b) Collecting a certification from that person; or
 - (c) Adding a clause or condition to the covered transaction with that person.
 - (3) Prior to issuing a subgrant or contract, confirm that the vendor has not been disbarred or suspended and retain documentation of verification. A list of disbarred and suspended vendors can be reviewed at: <https://www.sam.gov>.
 - (4) Evidence Required to be Submitted with Application
 - (a) LEA Procurement Policies/Procedures
 - (b) Quotes, bids, RFP/award notice as per Procurement Thresholds for the current fiscal year.
 - (c) Copy of contract
 - (d) Evidence of payment
- b. **Property Records** 2CFR §200.313, 2CFR §200.439
- (1) Subgrantee must provide evidence of written policies and procedures that reflect Federal and State laws and regulatory requirements including managing equipment, whether acquired in whole or in part with grant funds (items that cost over \$5,000 per unit and have a useful life of over one year), until disposition takes place will at a minimum meet the following requirements:
 - (a) Property inventory record containing a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
 - (b) A physical inventory of the property taken, and the results reconciled with the property records at least once every two years.
 - (c) A control system developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
 - (d) Adequate maintenance procedures to keep the property in good condition.
 - (e) If authorization is granted to sell the property, proper sales procedures must be established to ensure the highest possible return.
 - (2) Evidence Required to be Submitted with Application
 - (a) LEA Property Records/Inventory Policies and Procedures
 - (b) Copy of inventory including required information
- c. **Time and Effort** 2 CFR §200.430-431
- (1) Subgrantee must provide evidence of written policies and procedures that reflect Federal and State laws and regulatory requirements for an employee whose salary and wages are supported in whole or in part, with Federal funds to document his/her time spent working on Federal programs in order to ensure

that charges to each Federal program reflect an accurate account of the employee's time and effort devoted to that program.

(2) The frequency of the documentation and requirements are:

- (a) Semi-annual (2x/year) certifications for employees who are paid 100% of their salary from one federal program and for employees who are paid from multiple funding sources, one of which is a federal funding source, and the employee works 100% of their time supporting a single cost objective (activity). Certification must indicate time period reflected and signed/dated by the employee or official having firsthand knowledge of the work performed by the employee. The certifications are intended to "certify" that the employee worked solely on that program or that cost objective (activity) for the entire duration of the six-month period.
- (b) Monthly certifications – employee works on multiple activities or cost objectives (i.e. employee is paid less than 100% of a specific Federal award). The distribution of who the employee's salary and fringe benefits are funded must be supported by a personnel activity report (PAR):
 - Signed and dated timely by the employee
 - Prepared at least monthly and coincide with one or more pay periods
 - Account for all funding used to compensate the employee
 - Reflect an after-the-fact distribution of the actual activity of the employee indicating the specific activity or cost objective the employee worked on for each funding source and reflects time period.

(3) Evidence Required to be Submitted with Application

- (a) Semi-Annual Certification documenting that the individual worked on IDEA activities/objectives for the % of their time funded/to be funded through IDEA funds and signed by the employee or supervisor(s) having first-hand knowledge of the work performed. Includes salary funded 100% with IDEA funds or split-funded with IDEA funds and local funds.
- (b) Personal Activity Reports (2) documenting that the individual's salary is paid from multiple federal funding sources including details on the % of time and details regarding the activities that were conducted for each funding source and signed by the employee. Personal Activity Reports must coincide with one or more pay periods.

d. **Supplies and Materials** 2 C.F.R 200.331, 200.302 (b)(3), 200.403 (a)(g)

- (1) Subgrantee must ensure that the subaward is used for authorized purposes, in compliance with Federal and State regulatory requirements and the terms and conditions of the subaward; and that subaward performance goals are achieved.
- (2) Subgrantee must provide evidence of invoice or purchase order including a description/list of item(s) purchased, verification of receipt of items (copy of packing slip, signature/date on invoice/purchase order documenting receipt) and documentation of payment.
- (3) Evidence Required to be Submitted with Application
 - (a) Invoice/Purchase Order
 - (b) Evidence of receipt of supplies/materials purchased
 - (c) Evidence of payment

e. **Other as applicable**