

# Allowable Uses of Special Education Funds



Department of Education

August 13, 2025

# Panelist Introductions

**Dr. Kassandra Cline**  
**Bureau Chief**  
**Bureau of School Business Operations**

# Bureau of School Business Operations (14)

- Special education finance
  - [SpecialEducationFinance@iowa.gov](mailto:SpecialEducationFinance@iowa.gov)
- Transportation for students with specialized transportation needs
  - Tom Simpson, state director for pupil transportation
    - [Tom.Simpson@iowa.gov](mailto:Tom.Simpson@iowa.gov)
- School Budget Review Committee
  - Stephanie Edler, School Budget Review Committee Liaison
    - [Stephanie.Edler@iowa.gov](mailto:Stephanie.Edler@iowa.gov)
- School finance
  - Kassandra Cline, bureau chief
    - [Kassandra.Cline@iowa.gov](mailto:Kassandra.Cline@iowa.gov)

**Leisa Breitfelder**  
**Division Administrator**  
**Special Education Division Central**

# Special Education Division Central

Bureau of Accountability, Data and Finance (11)  
(Vacant)

Bureau of Student Evaluation, Instruction, and Supports (15)  
Betsy Lin

Bureau of Early Access and Early Childhood (9)  
Kimberly Villotti

Attorney for Complaints and Dispute Resolution (2)  
Rachel Bosovich

**Dr. Angelisa Fynaardt  
Division Administrator  
Special Education Division Regional**

# Regional Special Education Directors



**Amy Thoms Starr, MAE/ASC**  
**Central Rivers & Keystone**  
**AEAs**

Regional Director - 3 Years  
Special Education Consultant - 19 Years  
Special Education Teacher- 5 Years



**Janel Lesan, Ed.S.**  
**Grant Wood AEA**

AEA Regional Administrator - 22 years  
LEA Director of Special Education - 3 years  
AEA Special Education Consultant - 5 years  
Special Education Teacher - 7 years



**Angelisa Fynaardt, Ph.D.**  
**Great Prairie AEA**

AEA Special Education Director &  
Asst./Assoc. Administrator - 13 years  
Regional Director - 1 year  
Professional Learning Lead - 5 years  
School Psychologist - 5 years



**Ivan Gentry, Ed.S.**  
**Green Hills AEA**

AEA Special Education Director - 3 years  
LEA Special Education Director or Coordinator - 5 years  
Building Principal - 4 years  
Special Education Teacher - 10 years



**Matt Cretsinger, Ed.S.**  
**Heartland AEA**

LEA Special Services Director - 13 years  
AEA Team Leader for Behavioral Supports - 2 years  
Professional Learning Lead - 2 years  
School Psychologist - 5 years

**To be hired**  
**Mississippi Bend AEA**



**Michelle Havenstrite, Ed.D.**  
**Northwest AEA**

Superintendent - 4 years  
Principal/Curriculum Coordinator - 7 years  
AEA Consultant - 15 years  
Special Education Teacher - 6 years



**Molly Elston, MAE**  
**Prairie Lakes AEA**

AEA Regional Director - 9 years  
AEA Special Education Consultant - 3 years  
Special Education Teacher - 15 years



# Special Education Regional Division

## Primary Focus of Our Work

- Support continuous improvement efforts in special education in order to close the achievement gap
- Provide system coaching for IDEA-Differentiated Accountability & support the implementation of Specially Designed Instruction and continuous improvement work
- Implement general supervision in the AEA and districts in the region
- Monitor compliance in special education and support implementation or corrective action plans
- Complete the special education count process in partnership with districts and the AEA
- Assist with the compliant implementation of special education policies and procedures

**Mr. Thomas Mayes**  
**General Counsel**

# Goals

- Understand how student reporting generates funding
- Differentiate between special education programming and general education programming
- Identify costs allowable to the special education program
- Recognize costs appropriate to pay from special education support services funding
- Locate related resources

# Student Reporting

# Count: Certified Enrollment

- [Iowa Code section 257.6\(1\)](#) Actual enrollment.
- Count date: October 1
- Report due: October 15
- Generates 1.0 weighting and categorical funding
  - Teacher Salary Supplement (TSS)
  - Teacher Leadership Compensation (TLC)
  - Professional Development (PD)
  - Early Intervention (EIC)
- *Note: Audit Adjustment allowed for errors*

# Count: Special Education

- [Iowa Code section 257.6\(3\)](#) Additional enrollment because of special education.
- Count date: Last Friday in October
- Report due: November 15
- Generates weighted funding
  - Level 1: 0.72
  - Level 2: 1.21
  - Level 3: 2.74
- *Note: Audit adjustment is not allowed for errors.*

# Count: SESS

- Special Education Support Services (SESS)
  - Uses weighted enrollment = budget enrollment plus Level 1, 2, and 3 SE weights

Count Type	Student Count	Weighting	Total
Budget Enrollment	515.9	1	515.9
SE Level 1	50	.72	36.0
SE Level 2	20	1.21	24.2
SE Level 3	10	2.74	27.4
Total			603.5

# Best Practice: Stakeholder Collaboration

- **Best Practice:** Coordinate proactive collaboration with stakeholders to ensure accurate reporting.
  - District leadership
  - Business office team
  - Special education team
  - Student reporting team



# Weighted Funding: Funded

- Department of Management (DOM)
  - [School Resources](#)
  - Aid & Levy
  - Lines:
    - 3.1: 0.72 special education weighting in addition to 1.0
    - 3.2: 1.21 special education weighting in addition to 1.0
    - 3.3: 2.74 special education weighting in addition to 1.0

----- Teacher Leadership Supplement 2020 for 2021 -----	
WEIGHTED ENROLLMENT	
26,734.32 **	3.1 0.72 Special Ed Weighting in Addition to 1.0
19,930.32 **	3.2 1.21 Special Ed Weighting in Addition to 1.0
21,819.99 **	3.3 2.74 Special Ed Weighting in Addition to 1.0
68,484.63 **	3.4 <u>Total Special Ed Weighting in Addition to 1.0</u>

# Special Education Program

# Free and Appropriate Education

- What is FAPE?



# Specially Designed Instruction

- What is specially designed instruction?



# **Allowable Uses of State and Local Special Education Program Funds**

# FY24 SE Expenditures & Revenues

Type	Amount	Explanation
Revenue	\$1,214,093,797	Weighted Funding, GPP, Medicaid, Part B
Expenditures	\$1,420,687,415	Services provided pursuant to an IEP – instructional, support, transportation

Special education deficit exceeded \$200m in FY24.

Tip: Special education expenditure reviews occurring in FY26 for FY25.

# Resource

## [Chart of Allowable Special Education Costs](#)

- Extensive listing of expenditures, identified as allowable from:
  - Special ed weightings
  - General ed 1.0 funding
  - Unallowed expenditure

Tip: Use ctrl+F to search by key words

Expenditure	Allowable SE Expenditures from General Fund Weightings	General Purpose Expenditure, Not Special Education
Teacher Salary Supplement (TSS) salary	No	Paid from TSS funding from the state
Special education teacher mentoring another special education teacher	No	Paid from mentoring and induction funding from the state.
Paraprofessional wages	To the extent required on the student's IEP and providing services within the classroom as written into the IEP	Any other paraprofessionals or other paraprofessional's time
Salaries to student employees	No, unless the work is on the IEP and that is the same student who is being paid	Yes, as negotiated or authorized by the school board
Regular education teachers, even if co teaching students with IEPs	No	Yes

## Recent Question: SE PD

- **Q:** Can a district send staff to a special education conference for training and pay for it from special education funds?
- **A:** Yes, you can pay for staff to attend a special education conference using special education weighted funds to the extent that the PD is exclusively related to special education and appropriate to the employee's job duties. The following scenario is listed on the [Chart of Allowable Special Education Costs](#) on the Department's [Special Education Finance](#) web page. You must if the staff training for particular staff members is called for in a student's IEP.

Expenditure	Allowable SE Expenditures from General Fund Weightings	General Purpose Expenditure, Not Special Education	Unallowed Expenditure
Purchased employee training and professional development (PD) services not from an AEA/LEA such as staff workshop fees, conference registration fees, or contracted trainer	To the extent that the PD was exclusively related to special education and appropriate to the employee's job duties	Yes, as contracted or authorized by the school board and exclusively applicable to the district's instructional program	Any costs related to the facility's licensure and client care plan  No costs related to treatment, custodial, rehabilitation or any other activities for which the entity is licensed or has an agreement with its oversight agency



# Lesson Learned: Utilities from SE

- **Q:** Can a district pay for utility costs and custodial costs from the special education program?
- **A:** No. The following scenario is listed on the [Chart of Allowable Special Education Costs](#) on the Department's [Special Education Finance](#) web page.

Expenditure	Allowable SE Expenditures from General Fund Weightings	General Purpose Expenditure, Not Special Education
Purchased utility services such as water, sewer	No	Yes, as contracted or authorized by the school board and exclusively applicable to the district's programs
Purchased cleaning services such as disposal, snow removal, custodial, lawn care, pest control	No	Yes, as contracted or authorized by the school board and exclusively applicable to the district's programs

# Examples of Allowable Costs

## **Examples of costs necessary to implement an IEP**

- Special education teacher
- Special education paraeducator
- Screen reader
- Specialized desk
- Specially required chair
- Large print textbooks

## **Examples of costs necessary to implement an IEP**

- Specialized transportation
- Bus aide
- Room amplification system
- Hearing aids
- Specialized curriculum
- Interpreter

## Question: SE Costs

- Is every cost related to a special education student a special education cost?
- No. Every student is a general education student first.
- Authority: Iowa Code section 256B.9(1) (“above the costs of instruction of pupils in a regular curriculum”)



# Examples of Unallowable Costs

All students are general education students first.

Only costs that are necessary to implement an IEP are allowable from special education sources.

- Computer
  - If your school is a 1:1, if the SE student is getting the same computer, it is a GE cost.
- Curriculum
  - If your school provides curriculum to all students in the same manner, it is a GE cost.
- Transportation
  - If the SE student is riding the same regular bus route in the same type of seat as their GE peers, the cost of the transportation is a GE cost.
- Desks/Chairs
  - If the SE student is sitting in the same desk using the same chair as a GE student, it is a GE cost.

# **Special Education Support Services**

# State Funded: Special Education Support Services

- Special Education Support Services (SESS)
- [Iowa Administrative Code r. 281-41.409](#)
  - Support services. Support services are the specially designed instruction and activities that augment, supplement or support the educational program of eligible individuals. These services include special education consultant services, educational strategist services, audiology, occupational therapy, physical therapy, school psychology, school social work services, special education nursing services, and speech-language services. Support services are usually provided by the AEA but may be provided by contractual agreement, subject to the approval of the board, by another qualified agency.

How do districts differentiate between special education programming and special education support services?



# SESS Funding

- Up to FY25
  - SESS funds were 100% retained by the AEAs.
- Beginning FY26:
  - 90% special education support services budgeted with AEA
  - 10% retained by the district
    - May be used to pay for services from the AEA
    - May be used to pay for services from an entity other than an AEA
    - May be spent on eligible district costs

## Recent Question: SESS Allowable Uses (Cont.)

- SESS Funds: Eligible District Costs
  - Special education support services
  - Special education program costs
- **Note:** If a special education deficit balance is experienced, the district should not also have an SESS balance.



# SESS – Locating Amounts

- Location #1 – Annual Funding
  - Department of Management's [School Resources](#) web page
  - File: AEA Enrollment and Cost Detail
  - Tab: Special Education Breakdown

	A	B	C	D	G	H	O	P
1							Calculated	
2							Column G	
3							A-C+E *10%	
4	FiscalYear	AEA To Generate Funds	AEA District Chose to Receive Services From	Dist	DistrictNu	Label	10% Portion District Can Keep from State Aid portion	
5	2026	11	11	0018	0018	Adair-Casey	9,593	
6	2026	11	11	0027	0027	Adel-Desoto-Minburn	68,494	
7	2026	07	07	0009	0009	AGWSR	23,827	
8	2026	13	13	0441	0441	AHSTW	25,862	
9	2026	12	12	0063	0063	Akron-Westfield	17,973	
10	2026	05	05	0072	0072	Albert City-Truesdale	6,911	
11	2026	15	15	0081	0081	Albia	34,824	
12	2026	10	10	0099	0099	Alburnett	16,932	
13	2026	07	07	0108	0108	Alden	8,412	
14	2026	05	05	0126	0126	Algona	49,038	

# Recent Questions: SESS – Locating Amounts

- Location #2 – Monthly Funding
  - Department of Education [State Payment Information](#) web page
  - Section: State Payment Information FY26
  - Sub-section: LEA Monthly Payment Summaries
    - Files will be posted monthly beginning in September

# Resources

Web page: [HF2612 Implementation](#)

- Resource [HF2612 Implementation FAQ](#)
- Resource: [AEA Special Education Funded Staff Involvement in General Education Interventions](#)
- Resource: [Distribution and Use of State and Federal Special Education Allocations Beginning FY26](#)

## Recent Question: Paying for Special Education Director

- **Q:** How can a district pay for a Special Education Director?
- **A:** The district can use unobligated General Funds or, beginning in FY26, the district may use the 10% retained special education support services funding to pay for special education administrative costs.

**Tip:** Be sure to track time and effort for employees with split responsibilities to ensure funding aligns to duties.

Funding Example:

Employee Duties	Percent Duties	SESS	Unobligated General Fund
Special Ed Director	30%	30%	Up to 30%
Principal	70%	0%	70%

# Recent Questions: SESS – Account Coding

**Q:** What is the account coding for the 10 SESS payments to the AEA?

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**57. How will school districts code the ninety percent of special education support services funds that are required to be paid to an AEA pursuant to a contract for special education support services beginning in FY26? (3/3/2025)**

Districts will code the ninety percent of special education support services funds as flow through, similar to prior practice for AEA flow through funding. Districts will code the funds to Source/Project 3214. The amount required to be paid to the AEA will be coded to Function 6100, Project 3214, Object 961.

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**64. How will districts account code for the ten percent retained portion of special education support services funds beginning FY26? (3/3/2025)**

Districts will code the ten percent retained portion of special education support services funds revenue to Program 260, Source/Project 3306. Expenditures will be coded to Program 260, Project 3306. If a balance remains, a restricted fund balance (Program 260, Project 3306, Account 729) will be created.

# Resources

Resource: [AEA Special Education Funded Staff Involvement in General Education Interventions](#)

## Expected and Potential Activities for Special Education Funded Staff

Activity Category	Expected AEA Supports in Special Education (allowable uses of special education funds)	Potential AEA Supports beyond Special Education (unallowable uses of special education funds)
Universal tier support	<p>Support work in the universal tier that specifically targets students with disabilities.</p> <p>Coaching special education teachers to support students in a MTSS.</p> <p>Professional development and coaching to apply the current interventions to students in special education.</p>	<p>Support work in the universal tier of MTSS for all students.</p> <p>Coaching teachers to implement MTSS.</p> <p>General professional development on MTSS, the tiers of MTSS, and interventions that may be used as part of a MTSS.</p>
Universal tier support	<p>Professional development on ways to modify the Iowa Core to meet the needs of learners in special education.</p> <p>Develop strategies, etc., for students with disabilities to have access to and participate in the Iowa Core Curriculum and in the universal tier.</p>	<p>Professional development on the Iowa Core standards.</p> <p>Develop strategies for all students to access the Iowa Core Curriculum. Develop strategies to implement Universal Design for Learning for all learners.</p>



# Resources: Delineation of Services

Resource: [Distribution and Use of State and Federal Special Education Allocations Beginning FY26](#)

## **Appendix A: Delineation of AEA Services**

### **IDEA Services to be Provided by AEA with Federal or State Funds**

- Early ACCESS services
- Comprehensive and effective Child Find
- Evaluations and re-evaluations for eligibility and IEP development
- AEA support and related services as identified in a child with a disability's IEP or IFSP
- Support for school personnel required for implementation of related services as identified in an individual's IEP or IFSP and are the financial responsibility of the AEA

### **IDEA relevant content for which the AEA might charge a fee in certain situations**

- Support for school personnel required for implementation of instructional services that are defined as the financial responsibility of the district
- Supporting a district's corrective action when the finding is not the result of AEA guidance or action
- Coaching/consultation support related to system improvement beyond IDEA-DA
- Capacity building of district employee to increase staff competency





# Resources: Permissive Uses

- Resource: [Permissive and nonpermissive uses of special education funds](#)

## Tuition Questions

### Itemized Tuition Billings Required

**Question:** Can resident districts request an itemized bill from other districts?

**Answer:** Yes. Iowa Code section 282.20 requires that tuition statements/bills be itemized. For a district to meet the requirements of Iowa Code section 279.29, it must have sufficient itemization to determine if the bill is a just claim against the school corporation for purposes of audit and allowance.

### Per Diem not Permitted

**Question:** Is there any exception to allow a per day amount for an out-of-state placement?

**Answer:** No. Allowable costs are the actual costs for special education, and the district will need to have an itemized billing.



# Differentiating Programming

# Differentiating Programs

It is critical to differentiate between general education programming, special education programming, or other programs to ensure funds used to support each program are allowable uses.

Example: a child without a reading goal in her IEP receives supports from Early Literacy Implementation under Iowa Code section 279.68. The child is not proficient in reading; however, the child's lack of proficiency is not related to the child's disability. This is not a special education cost.



# Programming Examples

There are various programs throughout the day in which a student may be engaged for which costs may have different funding sources.

## **Examples:**

- Special education
- SWVPP
- Head Start
- Childcare
- Tuition-based preschool
- Alternative school programming
- EL programming
- Title programming
- TAG programming
- Co-curricular/extracurricular programming

# Recent Question: Verifying Appropriate Costs

What can be done throughout the year to ensure only allowable costs are charged to the special education program?

- *Proactive Check:*
  - Ensure staff who are coding and/or approving SE expenditures know how to verify it is an appropriate cost to the special education program, special education support services funding (i.e., 10% retained), or another source.
- *Reactive Check:*
  - Ensure there is a process to incrementally review expenditures coded to special education.
  - Conduct throughout the year and at the end of the year to verify only allowable costs were charged and that district policy and processes for verification and approval were followed.

# Time & Effort Documentation

## Tracking Hourly Employees

- Initial scheduled assignment
- Identify students enrolled in classroom
- Weekly or bi-weekly timecard

**Lesson Learned:** Ensure time and effort is tracked for hourly employees who stray from their regular schedule.

**Example:** 1:1 SE paraeducator whose assigned student doesn't attend school that day.

# Time & Effort Documentation

## Documentation

- Incorporate into official records
  - Payroll records
  - Position assignments
  - Student records

### Tips: **Internal Controls**

Support the process through a system of internal controls which provide reasonable assurance that charges are accurate, allowable, and properly allocated.

- Develop written procedures
- Verify incrementally and ongoing that written procedures are followed.
- Documentation should reflect implementation of process.

# Differentiating Programs

Identify all of the funding sources that could be used to fund costs related to a student that is involved in the programming below.

- Student is a level 2 special education student.
- Student is transported in the morning by the district.
- Student attends Head Start programming in the morning before breakfast.
- Student leaves to go to breakfast.
- Student spends the remainder of the morning in the SWVPP, during which the student has a one-on-one para to support behavioral challenges.
- Student leaves to go to lunch.
- Student spends the afternoon first engaged in receiving individualized writing supports to which the student is entitled to pursuant to the IEP.
- Student spends the remainder of the afternoon in childcare.
- Student is transported home by the district in the afternoon.

# Apply Your Knowledge: Group Activity

Identify all of the funding sources that could be used to fund costs related to a student that is involved in the programming below.

- Student is a level 2 **special education** student.
- Student is **transported** in the morning by the district.
- Student attends **Head Start programming** in the morning before breakfast.
- Student leaves to go to **breakfast**.
- Student spends the remainder of the morning in the **SWVPP**, during which the student has **a one-on-one para to support behavioral challenges**.
- Student leaves to go to **lunch**.
- Student spends the afternoon first engaged in receiving **individualized writing supports** to which the student is entitled to pursuant to the IEP.
- Student spends the remainder of the afternoon in **childcare**.
- Student is **transported** home by the district in the afternoon.
- **Answers:**
  - **Special education**
  - **Child care tuition**
  - **General state aid**
  - **Head Start**
  - **National School Lunch Program**
  - **SWVPP**



## Recent Question: SE Teachers & TSS

- Are all teachers required to have a portion of their salary paid from TSS funds?
  - Answer: **No. School districts may choose to maximize the use of other funding sources to fund the single salary system**, pursuant to Iowa Code section 284.3A.
    - The negotiation process to determine final salaries is a process separate from identifying the funding source(s) that will pay for each teacher's salary.
    - For example, the salary of a TAG teacher may be fully funded by TAG funds and not include any funding from TSS.
    - [Iowa Administrative Code r. 281-98.24\(1\)](#) limits the use of TSS funding to additional salary for teachers, including amounts necessary for the district to comply with statutory teacher salary minimums. [Iowa Administrative Code r. 281-98.24\(3\)](#) gives deference to local school board decisions regarding distribution methodology. School districts are encouraged to be mindful when using funding sources that could potentially create or increase a tax burden on local taxpayers (e.g., special education funding) in place of TSS funding.

**Tip:** The [HF2612 FAQ](#) is available on the Department's [HF2612 Implementation](#) web page.

## Other Recent Questions

## Recent Question: Students Attending Nonpublic Schools

- **Q:** Who is responsible for fulfilling paraeducator support minutes written in an IEP for special education students attending a nonpublic school? Is the district only responsible to provide funding up to the amount generated through weighted funding?
- **A:** Actual costs for this student's educational program pursuant to the IEP of the current year is provided by the school district in which the nonpublic school is located.

Please see the information below from [Chapter 4 of the Uniform Administrative Procedures](#) manual.

Special Education, attending accredited nonpublic school located within the district.	Actual costs for this student's educational program pursuant to IEP in the current year provided by the school district in which the nonpublic school is located. No general education percentage (GPP) may be billed to the resident district. [If special education is provided in the public schools, the district in which the nonpublic school is located counts student for nonpublic shared-time and reduced from billing.]	None.	Billed on or before February 15 and July 15.	282.20, 282.24, 257.6(1)"a"(3), 256B
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## Recent Question: ESPSS & SE Staff

**Q:** Do districts have to pay ESPSS funds to SE Staff?

**A:** No. Districts determine how to use the funds to supplement personnel wages.

## Recent Question: Students Attending Charter Schools

**Q:** Who is responsible for SE Costs for students attending charters.

**A:** Charter schools are required to bill resident districts for actual costs incurred to provide special education services ([Iowa Code § 256E.8\(2\)"b"](#))).

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**Q:** Can the resident district be included in IEP meetings?

**A:** Yes, and they must be, because the resident district is expected to pay the actual costs of specially designed instruction. If the resident district does not appear, that is the resident district's choice.

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**Q:** How do students attending charter schools receive special education support services and who is responsible for the related costs?

**A:** Accessing special education support services from the AEA: The students at charter schools were included in the "count" of students that generated the Part B funding to AEAs and on the special education count of the resident district that generated the 90% state special education support services funding districts will pay to AEAs . Therefore, charter schools and students attending charter schools should have access to the same services being provided as part of the service agreement contract for school districts for no additional cost.

# Contacts

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**Questions?**